Checks & Balances

Guidelines for preparing an error-free Call Report

(For FFIEC 034 Report)

FDIC

Division of Supervision

Nicholas J. Ketcha Jr.
Director

Andrew C. Hove,
Acting Chairman

Internet address:
World Wide Web, www.fdic.gov. or Gopher, gopher.fdic. gov.

TO ALL HOLDERS OF CHECKS & BALANCES -
GUIDELINES FOR PREPARING AN ERROR-FREE CALL REPORT

The revisions to the June 30, 1997 Consolidated Reports of Condition and Income (Call Report) were described in the FFIEC's Financial Institutions Letter (FIL) 109-96, dated December 31,1996 and were finalized and described in FIL-58-97, dated June 5, 1997. The FFIEC implemented interest rate risk-related revisions to the Call Report in order to meet supervisory data needs. These changes have necessitated that Checks & Balances - Guidelines for preparing an error-free Call Report be revised. Pages 2, 3, 8, 12, 15, 17, 19, 24, 25, 27, 31, 32, 33, 36, 40 and pages 3, 4, 5, and 6 of the checklist were revised.

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by Fred Orzehowski and Michael McPherson*

Introduction

The following guidelines were developed to serve as a convenient reference to individuals responsible for preparing the Consolidated Reports of Condition and Income, commonly referred to as the "Call Report." Although these guidelines are based principally on the edit process developed and used by the FDIC to review each bank's Call Report, they are not intended to be used as a substitute for the Call Report instruction manual.

Analysts in the Call Report Analysis Unit review numerous reporting discrepancies on thousands of Call Reports each quarter. Analysts have developed computerized programs which incorporate edits to address these discrepancies. These programs help analysts validate Call data more quickly and efficiently. This permits statistics on the bank and the industry to be published in a timely manner. The programs are constantly updated as requested information is added to or deleted from the Call Report, or if certain economic factors, such as interest rates, change.

Before completed Call Reports are submitted, each line item on the current and previous quarter's reports should be compared for consistency. If any item on the current Call Report contains a value but was zero on the prior Call Report, or the item reflects a significant increase or decrease in value, both reports should be reviewed for accuracy. If any item on the current Call Report reveals a zero but contained a value on the prior report, both reports should also be reviewed for accuracy. If the increase or decrease was due to an incorrect interpretation of the Call Report instructions by the bank or its service vendors, the bank must amend the inaccurate Call Report(s).

Attached to these guidelines is a mathematical checklist. This checklist is more inclusive than the checklist included in the Call Report package sent to banks each quarter. The computations included on this checklist are also confirmed as part of the edit process for each bank's report.

If individuals preparing the Call Report follow these guidelines and use the attached checklist, reporting errors and questions regarding the bank's financial data should be significantly reduced or even eliminated, thereby increasing the integrity of the data. For additional information on these guidelines, banks should contact the FDIC's Call Reports Analysis Unit, 550 17th Street, NW, Washington, D.C. 20429, toll free on (800) 688-FDIC(3342), Monday through Friday between 8:00 a.m. and 5:00 p.m., Eastern time.

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* Fred Orzehowski and Michael McPherson are financial analysts in the FDIC's Call Report Analysis Section.

Schedule RI-- Income Statement

Schedule RI includes all income and expenses for the calendar year-to-date and indicates an institution's overall profitability. Schedule RI is one of four schedules in which banks are permitted to report loan detail in terms of each bank's internal loan categorization system.[1] While the definitions for the general loan categories are left to the choice of the reporting bank, each bank must use consistent definitions for these categories on each schedule in which the bank is permitted to use this categorization system.

Since RI contains calendar year-to-date amounts, it should be noted that cumulative amounts reported for the current quarter June, September, or December report, should be greater than comparable amounts reported in the previous quarter. An obvious exception, but not the only one, is item 6.b, "Realized gains (losses) on available-for-sale securities.

Item 1 "Interest income," requires the bank to break down its interest income into various asset categories. Yields are calculated for particular assets using this data in conjunction with the corresponding quarterly average on Schedule RC-K. This is why loan detail reported on Schedule RI, must be consistent with loan detail on Schedule RC-K.

To calculate the yield for a specific asset, annualize its interest income on RI and divide the result by a year-to-date average calculated from the quarterly average amount(s) reported on Schedule RC-K. As an example, assume that on its June Call Report, Bank A reports $50,000 for interest income on real estate loans, item 1.a.(2), on Schedule RI, and $1,300,000 for Schedule RC-K, item 5.b. On the March Call Report it had reported $1,200,000 on RC-K, item 5.b. The annualized interest income for real estate loans is $100,000 ($50,000 x 2 = $100,000). The year-to-date average for its real estate loans is $1,250,000 ($1,300,000 + $1,200,000 / 2= $1,250,000) therefore, Bank A's yield on real estate loans as of June 30 is 8 percent ($100,000 / $1,250,000= .08).

The bank should calculate the yield of each earning asset using the above approach. If the yield of a particular asset category falls outside the parameters presented below, the income and/or the corresponding quarterly average of that asset should be corrected if the yield does not appear reasonable or does not approximate the bank's internal yield calculation. These parameters are based upon certain economic indices such as current interest rates and are subject to change as economic conditions and indices change.

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[1] These schedules include: RC-K, RC-N, RI, RI-B, part I, and Memorandum item 2 on Schedule RC-C. Banks with assets of less than $25 million are exempt from reporting any loan detail on Schedule RI and RC-K. These banks should report total interest income on loans in aggregate on Schedule RI, item 1.a.(1), and total average loans, net of unearned income on Schedule RC-K, item 5.a

Assets and their yield parameters:

Item 1.a.(1) Total loans-- 5% to 15% *(to be completed only by those banks with less than $25million in total assets)*

Item 1.a.(2) Real estate loans-- 5% to 13%

Item 1.a.(3) Installment loans-- 4% to 20%

Item 1.a.(4) Credit cards and related plans-- 4% to 20%

Item 1.a.(5) Commercial (time and demand) and all other loans-- 5% to 13%

Item 1.b Lease financing receivables- the bank may set its own parameters.

Item 1.c Balances due from depository institutions-- 2% to 15%

Item 1.d.(1) Securities issued by states and political subdivisions in the U.S. (combine taxable and nontaxable)--3%to 10%

Item 1.d.(2) U.S. Government and other debt securities-- 1% to 10%

Item 1.d.(3) Equity securities (including investments in mutual funds)--the bank may set its own parameters.

Item 1.e Trading assets-- the bank may set its own parameters.

Item 1.f Federal funds sold and securities purchased under agreements to resell-- 1% to 8%

Although there are no set parameters for trading assets, the bank should confirm this data if it reports interest income on trading assets but does not report trading assets on Schedule RC, item 5. The data should also be confirmed if the bank reports an amount for trading assets on Schedule RC, but does not report interest income on trading assets.

The method for calculating the cost of funds on various liabilities is similar to that used for calculating yields on assets. If the cost of funds on a particular liability is outside the parameters presented below, the expense and/or the corresponding quarterly average of that liability should be reviewed and corrected as needed.

Liabilities and their cost parameters:

Item 2.a.(1) Transaction accounts (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)-- 1% to 10%

Item 2.a.(2)(a) Money market deposit accounts -- 1% to 5%

Item 2.a.(2)(b) Other savings deposits-- 1% to 5%

Item2.a.(2)(c) **Time deposits of $100,000 or more**-- 2% to 8%

Item2.a.(2)(d) **Time deposits of less than $100,000**-- 2% to 8%

Item 2.b Federal funds purchased and securities sold under agreements to repurchase-- 1% to 8%

Data concerning certain liability items should be confirmed if a bank reports interest expense but no corresponding liability on Schedule RC. Conversely, if the bank reports a liability on Schedule RC, but does not report any corresponding interest expense on Schedule RI, the data should also be verified. These items include:

- **Item 2.c** Interest on demand notes issued to the U.S. Treasury, trading liabilities, and other borrowed money.
- **Item 2.e** Subordinated notes and debentures.

Item 4.b If the bank reports an expense for "Provision for allocated transfer risk" and the "Allocated transfer risk reserve," on Schedule RC, item 4.c, is zero, the bank's data regarding these items should be reviewed for accuracy.

Item 5.b.(1) Typically, most banks report income on item 5.b.(1), "Other fee income." If item 5.b.(1) is zero <u>and</u> item 5.b.(2), "All other noninterest income," is greater than $25,000, both items should be reviewed to ensure that income is categorized correctly.

Item 6.a If "Realized gains (losses) on held-to-maturity securities," is not equal to zero, it is assumed that the bank has sold held-to-maturity securities. If it has sold held-to-maturity securities, the bank may be required to report the amortized cost of those securities in Schedule RC-B, Memorandum item 7, "Amortized cost of held-to-maturity securities sold or transferred to available-for-sale or trading securities during the calendar year-to-date[2]." With this in mind, if item 6.a is not zero and RC-B, Memorandum item 7 is zero, the bank should determine what is represented by the amount reported on item 6.a.

Item 6.b "Realized gains (losses) on available-for-sale securities," should be questioned if it is not equal to zero and the bank is not reporting available-for-sale securities on Schedule RC-B.

Item 7.a "Salaries and employee benefits," should be reviewed for accuracy if it is equal to zero or if, when annualized, it is greater than $150,000 per full-time equivalent employee as reported in Schedule RI, Memorandum item 4.

Item 11 If **"Extraordinary items and other adjustments, net of income taxes,"** is not equal to zero, it should be reviewed to ensure that what the bank is reporting as "extraordinary" does, in fact, qualify for such designation.

Item M.1 "Interest expense incurred to carry tax-exempt securities, loans, and leases acquired after August 7, 1986, that is not deductible for federal income tax purposes," should be confirmed if it is greater than ten percent of RI, item 2.f, "Total interest expense." In no case should Memorandum item 1 be greater than RI, item 2.f.

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[2] See the instructions for Schedule RC-B, Memorandum item 7, for exclusions.

Item M.2 Income from the sale and servicing of mutual funds and annuities is reported gross on Schedule RI, item 5.b.(1), and is itemized on item M.2. If item M.2 is greater than items 5.b.(1) or 5.c of Schedule RI, it should be reviewed for accuracy. This item should also be checked for accuracy by comparing it to Schedule RC-M, item 10, "Mutual fund and annuity sales during the quarter." If item M.2 divided by the total sales of mutual funds and annuities for the year[3] is greater than ten percent, the bank should review these items for accuracy. Finally, item M.2 on Schedule RI, should be questioned if it is equal to zero and RC-M, items 10.a through 10.e, do not equal zero or vice versa.

Item M.3 "Estimated income on tax-exempt loans and leases to states and political subdivisions in the U.S.," should not be greater than the bank's total interest income on loans and lease financing receivables, as reflected by the sum of Schedule RI, items 1.a and 1.b.

Item M.4 The number of full-time equivalent employees should be confirmed if it has increased fifty percent or more since the previous Call date. A possible explanation for such a large increase may be that the bank was involved in a merger.

Item M.5 "Cash dividends declared during the calendar year-to-date" should be reviewed for accuracy if it exceeds the bank's total equity capital, as reflected on Schedule RC, item 28.a.

Item M.6 "Interest and fee income on agricultural loans," should not be greater than the bank's total interest income on loans, as reflected on Schedule RI, items 1.a.(2) through 1.a.(5). In addition, Memorandum item 6 should not equal zero if, on the previous year's June 30 Call Report, the bank had total assets of $25 million or more and its loans to finance agricultural production and other loans to farmers exceeded 5 percent of its total loans.

The yield on agricultural loans is calculated by following the procedure presented earlier in this section by annualizing the income on item M.6, Schedule RI, and dividing the result by the year-to-date average derived for item M.1, on Schedule RC-K. If the yield is less than 1 percent or greater than twenty percent, item M.6, on Schedule RI, and item 6, on Schedule RC-K, should be reconfirmed.

Item M.7 If the bank was acquired during the calendar year and has restated its balance sheet as a result of push down accounting, it should report the date that it was acquired in item M.7. When a bank enters a date in this item, the same date will be reported for the remainder of the year (assuming the bank is not acquired more than once during the same year).

If the bank has entered a date in item M.7, it should compare Schedule RI, item 12, "Net income," with Schedule RC, item 26.a, "Undivided profits and capital reserves," as the amounts in these items usually should be equal following the application of push down accounting. Generally, the only acceptable circumstance for these items not being equal is if the bank declared a cash dividend

[3] Note that sales reported on Schedule RC-M, item 10 are for the quarter only, but for purposes of the test above, RI, Memorandum item 2, should be compared to year-to-date sales.

subsequent to the acquisition date in the same calendar year.

Negative amounts are usually inappropriate for most RI items. If the bank has reported a negative amount for any RI item, it should refer to the instructions to ensure that a negative entry is acceptable for that particular item.

Common Reporting Errors - Schedule RI

- Detail on loan income is not consistent with detail on loan averages reported on Schedule RC-K.
- Income for a particular loan category is less than the amount reported on the previous Call Report in the same calendar year.
- Yields on individual loan categories are outside of the parameters stated above.
- Interest expense on individual deposit categories is less than the amount reported on the previous Call Report in the same calendar year.
- Cost of funds on individual deposit categories are outside the above parameters.
- Items M.3, M.5 and M.6 are less than amounts reported on the previous Call Report in the same calendar year.

Schedule RI-A-- Changes in Equity Capital *(to be completed only with the December Report of Income)*

Schedule RI-A is a reconciliation of the bank's equity capital. Although it is only required to be completed for the December Call date, it can be used to assist the bank in reconciling its capital for the interim Call Reports as well.

Item 7 "Cash dividends declared on preferred stock," should be confirmed if it is greater than zero and Schedule RC, item 23, "Perpetual preferred stock and related surplus" equals zero. This is possible if the bank declared a dividend and then retired the stock before year end.

Items 7, 8 The sum of item 7 and item 8, "Dividends declared on preferred and common stock," cannot be less than Schedule RI, item M.5, "Cash dividends declared during the calendar year to date," reported on the September Call Report.

Items 9, 10, 12 When the bank reports amounts on item 9, "Cumulative effect of changes in accounting principles from prior years," item 10, "Corrections of material accounting errors from prior years," or item 12, "Other transactions with parent holding company," it should be prepared to provide a thorough explanation of the amounts reported on these line items. Brief explanations of these amounts should be provided on Schedule RI-E, items 5, 6 and 7 respectively.

The bank's surplus account should be reconciled by adding **item 12** to the amount reported for "Surplus," item 25, on Schedule RC, on the previous year end Call Report. If this amount does not reconcile, the bank should be able to provide an explanation of the transaction(s). It is important to reconcile all capital components because capital contributions from the holding company to the bank, are generally not permitted to be added to undivided profits and capital reserves. These type of capital contributions in most cases should be added to surplus. State lending limits and declaration of dividends are also generally based on one or more capital components reported on a bank's Call Report.

As previously stated, this schedule is only required to be submitted with the report period ending December 31. The bank should however reconcile its capital account each quarter. The bank's equity capital, as reported on Schedule RC, item 28.a, for the March, June, and September Call dates generally should equal the following:

Total equity capital (Schedule RC, item 28.a) from the previous year end's Call Report

plus:	**Net Income for the current Call Report, item 12, on Schedule RI**
	Year to date change in net unrealized holding gains/losses* (credit amount)
less:	**Cash dividends declared, on the current Call Report, item M.5, on Schedule RI**
	Year to date change in net unrealized holding gains/losses* (debit amount)
equals:	

Total equity capital (Schedule RC, item 28.a) on the current Call Report

* *This amount generally should equal the difference between the amount reported on Schedule RC, item 26.b on the prior year end's Call Report and the amount reported on current Call Report.*

The bank should be prepared to explain any discrepancies regarding the above calculation. Any adjustment(s) made to a prior year requires the bank to amend the prior year(s) Call Report(s) and provide an explanation for the adjustment(s) on Schedule RI-E, item 4.

Amounts to be reported on items 9, 10, and 12, on March, June, and September Call Reports, should be explained on the items listed above on Schedule RI-E.

Common Reporting Errors - Schedule RI-A

- Equity capital does not reconcile on the interim Call Reports using the above calculation.
- Items 9 and 10 contain amounts that should be reported elsewhere on the Call Report.
- Item 11 does not reconcile to the change in item 26.b on Schedule RC, from the previous year end Call Report.
- Item 12 does not reconcile to the change in item 25 on Schedule RC, from the previous year end Call Report.

Schedule RI-B - Charge-offs and Recoveries and Changes in the Allowance for Loan and Lease Losses

Schedule RI-B consists of two parts. Part I "Charge-offs and Recoveries on Loans and Leases" is a cumulative, calendar year-to-date listing and is completed as of each report date. Part II, "Changes in the Allowance for Loan and Lease Losses," is a reconcilement of the account on a calendar year-to-date basis, and is completed only for the report period ending December 31. This schedule is one of four in which banks are permitted to report loan detail in terms of the bank's own internal loan categorization system. The reporting of loan detail must be consistent for these categories and for each schedule in which the bank is permitted to use this categorization system.

Item 5 If a bank reports charge-offs or recoveries for lease financing receivables, but does not report an outstanding balance on Schedule RC-C, item 9, the bank should confirm that all lease financing receivables on Schedule RC-C have either been charged-off or extinguished.

Item 6 Since charge-offs and recoveries are reported on a calendar year-to-date basis, the current amount of charge-offs or recoveries cannot be less than the amount reported on the previous Call Report submitted in the same calendar year. If the previous Call Report contained an accounting error, the bank should submit an amendment for that report.

Item M.1 Because column A, "Agricultural loan charge-offs" are included in total loan charge-offs, this item cannot exceed the sum of items 1 through 4, column A. Agricultural loan recoveries, item M.1, column B, cannot exceed the sum of items 1 through 4, column B.

Item M.4 Charge-offs and recoveries on "Loans to finance commercial real estate, construction, and land development activities **(not secured by real estate)**," item M.4, should be compared to the outstanding amount on Schedule RC-C, item M.4. If the bank reports an amount for either charge-offs or recoveries on item M.4, but does not report an amount on Schedule RC-C, item M.4, the bank should confirm that the loan(s) have either been charged-off or extinguished.

Part II In preparing Part II, the bank should compare the ending balance of the allowance for loan and lease losses on the prior year-end Call Report, to sum of the "Balance originally reported ...," item 1, plus any "Adjustments," on item 5. If the bank has not made any adjustments, item 1 should equal the ending balance on the prior year-end Call Report. If the bank reports an adjustment on item 5, the amount must be explained on Schedule RI-E , item 8. If the amount represents a correction to the prior year, the bank must submit an amendment to the prior year Call Report(s) making corrections to the appropriate line items. The sum of item 1 plus 5 should then equal the "amended" prior year-end balance. If the amount represents an adjustment due to a business combination, the amount need only be explained on Schedule RI-E, item 8.

Although Part II is only required to be reported with the December Report of Income, the bank should conduct a reconciliation of the account each quarter. Adjustments to the account should be explained on Schedule RI-E, item 8. The bank should be prepared to explain any reconciling difference greater than $25,000. The bank may also be required to submit a prior period amendment for reconciling differences greater than $25,000.

Common Reporting Errors - Schedule RI-B

- Part I, item 6, column a or b, or item M.1, is less than the amount reported on the previous Call Report in the same calendar year.
- The sum of items M.5.a through M.5.e, Part I, does not equal item 1.
- The sum of items 1 plus 5, Part II, does not equal the ending balance of the “Allowance for loan and lease losses” on the previous year end Call Report.
- The “Allowance for loan and lease losses” does not reconcile on interim Call Reports.

Schedule RI-E-- Explanations

Schedule RI-E requires the bank to provide explanations on adjustments it has made to its capital and allowance accounts, on significant components of other noninterest income and other noninterest expense, and on any extraordinary items reported on Schedule RI.

Items 1, 2 Item 1 relates to Schedule RI, item 5.b.(2), “All other noninterest income.” Any component exceeding ten percent of item 5.b.(2), on Schedule RI, should be detailed in item 1 of Schedule RI-E. Any component exceeding ten percent of item 7.c, “Other noninterest expense,”on Schedule RI, should be detailed in item 2, on Schedule RI-E.

Items 1 and 2 are further divided into three separate components that address net gains or net losses on each component, including other real estate owned, sales of loans, and sales of premises and fixed assets. Because the amounts in the components are to be reported on a net basis, the bank should not report both a gain and a loss for any component.

If the bank has reported an extraordinary item or other adjustment on Schedule RI, item 11, it should provide an explanation of the amount reported in item 3 of RI-E. The amount(s) on item 3 of Schedule RI-E must equal the corresponding amount reported on Schedule RI, item 11.

Items 4-7 These items are used to provide descriptions of amounts reported on Schedule RI-A, Changes in Equity Capital. It is important, therefore, that the amounts detailed on RI-E equal the corresponding amounts reported on Schedule RI-A.

Item 8 Item 8 is used to provide descriptions of the amount reported on Schedule RI-B, Part II, item 5. Any amount(s) detailed on Schedule RI-E, item 8, must equal the corresponding amount reported as “Adjustments” on Schedule RI-B, Part II, item 5.

Common Reporting Errors - Schedule RI-E

- Items 1.a and 2.b both contain values.
- Item 2.a is less than the amount reported on the previous Call Report in the same calendar year.
- The sum of items 1.a through 1.f exceeds item 5.b.(2) on Schedule RI.
- Item 7 and/or 8 is less than the amount reported on the previous Call Report in the same calendar year.
- Items 6 through 9 do not equal corresponding items on Schedule RI-A.

Schedule RC-- Balance Sheet

A balance sheet reveals much about the condition of a bank. It includes the bank's assets, liabilities, and net worth. These amounts are used to calculate many pertinent ratios on the financial condition of the bank, so it is important that the data presented is accurate.

As stated in the general instructions of the Call Report, negative entries are not appropriate for most items on Schedule RC.

The only items on Schedule RC for which negative entries may be made are:

- **Item 8** "Investments in unconsolidated subsidiaries and associated companies."
- **Item 26.a** "Undivided profits and capital reserves."
- **Item 26.b** "Net unrealized holding gains (losses) on available-for-sale securities."
- **Item 28.a** "Total equity capital."
- **Item 28.c** "Total equity capital and losses deferred pursuant to 12 U.S.C. 1823(j)."

Negative entries appearing in any item other than those above should be corrected. Assets with credit balances should be moved to an appropriate liability item and liabilities with debit balances should be moved to an appropriate asset item.

Item 1.a "Noninterest-bearing balances and currency and coin," which also includes cash items in process of collection and unposted debits, should be confirmed if it is equal to zero.

Item 4.c "Allocated transfer risk reserve," should be confirmed if it contains a value greater than zero. If item 4.b, "Allowance for loan and lease losses," is zero, and item 4.c is greater than zero, the bank probably has entered an amount in item 4.c that was intended to be entered in item 4.b.

Item 6 "Premises and fixed assets"should be confirmed if it is equal to zero.

Item 9 "Customers' liability to this bank on acceptances outstanding" can be checked for accuracy by comparing it to Schedule RC, item 18, "Bank's liability on acceptances executed and outstanding." The bank should review the instructions for these items if they are not equal. Often, banks include letters of credit on these line items in error.

Item 10 "Intangible assets," should be compared to Schedule RI-E, item 2.a, "Amortization expense of intangible assets." Both items should be confirmed if one is equal to zero and the other is not.

Item 11 "Other assets" should be reviewed if it is greater than ten percent of the bank's "Total assets" as reported on Schedule RC, item 12.a. If item 11 exceeds this threshold, the bank may be including items as "Other Assets" that should be classified elsewhere in the Report of Condition.

Item 12.a Though possible, it would be highly unusual for the bank's "Total assets" on Schedule RC, item 12.a to be the same amount as the prior quarter's total assets.

Item13.a.(1) The bank's total "Noninterest-bearing deposits" is normally equal to the bank's total demand deposits as reported on Schedule RC-E, item 8, column B. If item 13.a.(1) is greater than one hundred and two percent of RC-E, item 8, column B, the bank will be expected to describe the type of deposit accounts, other than demand accounts, that are reported as noninterest-bearing.

Items 14-19 Although there are no specific audit checks for these items, amounts reported on these line items should be compared to the previously submitted Call Report for general discrepancies described in the introduction of this guide.

Item 20 "Other liabilities," should be reviewed in the same manner used to review other assets. If item 20 exceeds ten percent of the bank's "Total liabilities" as reported on item 21 of Schedule RC, the bank should review the instructions to ensure it has not included liabilities that should be classified elsewhere in the Report of Condition.

Item 26.b The amount reported on this item is the bank's net (i.e., after-tax) unrealized gain or loss on available for sale securities. Its gross (i.e., pretax) unrealized gain or loss is the difference between columns C and D of item 7 on Schedule RC-B. If column C is less than column D, the bank has a gross unrealized gain. If column C is greater than column D, it has a gross unrealized loss. If column C equals column D, it has neither a gross unrealized gain nor a gross unrealized loss.

If one of the following situations is present, errors regarding the bank's net or gross position on its available-for-sale securities may exist, and the data regarding the two must be confirmed:

- The bank has a gross unrealized gain but the net amount on Schedule RC, item 26.b reflects an unrealized loss or is greater than 75 percent of the gross unrealized gain.
- The bank has a gross unrealized loss but item 26.b, on Schedule RC, is less than 55 percent or greater than 100 percent of the gross unrealized loss.
- The bank has neither a gross unrealized gain nor a gross unrealized loss and the amount on Schedule RC, item 26.b is not equal to zero.
- The bank has either a gross unrealized gain or a gross unrealized loss and Schedule RC, item 26.b equals zero.

In any situation described above, the bank should reconfirm the tax rate applied to the gross unrealized gain/loss and whether it has previously transferred securities designated available-for-sale to held-to-maturity.

The difference between the gross and net unrealized gain or loss is usually the tax effect. This tax effect should be added to or netted against any existing deferred tax asset or deferred tax liability on item 2 of Schedules RC-F or RC-G, respectively.

When there is a difference between the bank's gross and net positions on its available-for-sale securities but item 2 of Schedules RC-F and RC-G are both zero, the bank should confirm that all of its deferred tax assets and liabilities have netted to zero.

Item M.1 The bank should ensure that this item has been completed when it submits its March Call Report.

Common Reporting Errors - Schedule RC

- Item 21 plus 28 does not equal item 12.
- Item 26.b is outside the parameters stated above.
- Items contain negative values in error.
- Item 13.a does not equal item 8, column b, on Schedule RC-E and the bank does not hold noninterest-bearing savings accounts.
- Item 25 is less than the amount reported on the previous Call Report. (The bank has not been given approval by the state banking authority to make a transfer or it cannot explain the reason for the decrease.)

Schedule RC-B-- Securities

Schedule RC-B includes securities that have been designated as held-to-maturity or available-for-sale. The amortized cost and fair value of held-to-maturity securities should be reported in columns A and B, respectively, while the amortized cost and fair value of available-for-sale securities should be reported in columns C and D, respectively.

The amortized cost and fair value of each line item, in both the held-to-maturity and available-for-sale categories, should be compared to determine any unrealized appreciation or depreciation in the portfolio. If the amortized cost of an item is not within 75 to 150 percent of its fair value, the accuracy of the data should be confirmed. For example, assume the amortized cost of a bank's held-to-maturity U.S. Treasury securities is $10,000. If the bank reports less than $6,666 or greater than $13,333 as the fair value for these securities, it should verify the information and be able to explain these anomalies.

Item 6.b Columns C and D of **item 6.b, "All other equity securities,"** should be equal. Typical equity securities reported in item 6.b include Federal Reserve stock, Federal Home Loan Bank stock, Bankers Bank stock and other restricted stock. Any equity securities with readily determinable fair values should be reported in item **6.a, "Investments in mutual funds and other equity securities with readily determinable fair values."**

Item 7 It would be unusual for the total amortized cost of a bank's available-for-sale securities (or held-to-maturity securities, for that matter) to be equal to their total fair value. If this occurs, the bank should reconfirm all amounts reported in columns C and D, items 1 through 6. (columns A and B, items 1- 5 for held-to-maturity securities)

Item M.1 It is important to note for item M.1, that pledged securities from the held-to-maturity designation should be reported at amortized cost and pledged securities from the available-for-sale designation should be reported at fair value.

Items M.2.a, M.2.b, M.2.c These items request **"Maturity and repricing data for the bank's debt securities, except those in nonaccrual status,"** included on Schedule RC-N, item 6 column C. Some of the most common reporting errors for this item result from including those debt securities that are in nonaccrual status and/or including the bank's equity securities. Debt securities that have a fixed rate are reported in this item based on their remaining maturities, while those with floating rates are reported based on their repricing frequencies.

Item M.2.d Fixed rate AND floating rate debt securities with a remaining maturity of one year or less are reported on this item. Any held-to-maturity securities included in this item should be reported at amortized cost while available-for-sale securities should be reported at fair value.

Item M.7 If, during the calendar year, the bank has sold held-to-maturity securities or has transferred them to available-for-sale or a trading account, the amortized cost of the securities, at the time of sale or transfer, should be reported on item M.7. This item excludes held-to-maturity securities that have been sold or transferred within 90 days of their maturity dates (or call dates if exercise of the call is probable). Banks that report an amount in this item should be prepared to explain why it has sold or transferred held-to-maturity securities, as either action could be deemed to have "tainted" the bank's investment portfolio.

Item M.8 The amortized cost and fair value of high-risk mortgage securities included in Schedule RC-B, item 4.b, "Other mortgage-backed securities," are reported on Memorandum items 8.a and 8.b, respectively. If the amortized cost amount reported in item 8.a is not within 75 to 150 percent of the fair value reported in 8.b, the amounts should be verified and the bank would be expected to provide an explanation for this large discrepancy.

Item M.9 This comparison of amortized cost to fair value should also be conducted for structured notes, which are reported in Memorandum item 9. The bank should be able to explain any unusual differences between the amortized cost and fair value amounts reported. Again, amounts should be confirmed if the amortized cost is not within 75 to 150 percent of the fair value.

Common Reporting Errors - Schedule RC-B

- Item 2.a or 2.b either contains a value on the current Call Report but was zero on the previous report, or is zero on the current report but contained a value on the previous report.
- Item 3.a or 3.b either contains a value on the current Call Report but was zero on the previous report, or is zero on the current report but contained a value on the previous report.
- Item 7, column a plus d, less item 6 column d, does not equal the sum of items M.2.a through M.2.c, less item 6, column c, on Schedule RC-N.
- Item M.9 either contains a value on the current Call Report but was zero on the previous report, or is zero on the current report but contained a value on the previous report.

Schedule RC-C-Loans and Lease Financing Receivables

Part I. Loans and Leases

Schedule RC-C includes the aggregate book value of all loans and leases before the deduction of the "Allowance for loan and lease losses." All loans are categorized according to security, borrower, or purpose and should be reported net of unearned income (to the extent possible). Selected memoranda items collect information on restructured loans, maturity and repricing, as well as other pertinent information.

Item 1.c.(1) Revolving, open-end loans extended under lines of credit, are reported on item 1.c.(1). These loans, commonly referred to as home equity lines of credit, are usually secured by junior liens. A bank generally will also hold the mortgage loan secured by the first lien. If equity lines of credit represent fifty percent or more of total loans secured by 1-4 family residential properties, the sum of items 1.c.(1) and 1.c.(2), the amount should be reviewed for accuracy. If equity lines of credit exceed the above percentage, the bank should be able to provide an explanation.

Item 1.c.(2) All other loans secured by 1-4 family residential properties are reported on items 1.c.(2)(a) and 1.c.(2)(b). If either item is equal to zero, it should be reviewed.

Community banks have traditionally been a large source of funding for conventional 1-4 family residential lending. It would be uncommon for a community bank not to advance these type of loans.

Item M.6 Adjustable rate closed-end loans secured by first liens on 1-4 family residential properties, included in item 1.c.2(a), are detailed on item M.6. If item M.6 is zero, but item 1.c.(2)(a) contains a value, the bank should confirm that it does not hold any adjustable rate mortgage loans.

If item M.6 is equal to item 1.c.(1), the amount should be reviewed for a possible reporting error. A common error is to include in item M.6, equity lines of credit reported on item 1.c.(1). Loans reported on item 1.c.(1) should <u>not</u> be included in item M.6.

Item 8 It would be unusual for this item to exceed twenty five percent of gross loans less any lease financing receivables. Item 8 includes loans and discounts that cannot be reported in one of the preceding items in this schedule. Most loan classifications are accounted for on items 1 through 7 which limits this category to a few specific and unique types of loans.

Item 10 "Unearned income" can <u>never</u> have a debit balance since it must always be subtracted from gross loans to derive total loans. Unearned income may include net deferred loan origination fees. This net amount must have a credit balance. If deferred origination costs exceed deferred origination fees, the net amount would contain a debit balance and cannot be reported as unearned income.

In this situation, the gross amount of deferred origination fees should be subtracted from, and the gross amount of deferred origination costs should be added to the appropriate loan categories. This accounting treatment is the preferred method to account for unearned income. If unearned income plus accrued interest receivable on loans, item 1 on Schedule RC-F, exceeds 25 percent of the bank's total loans and leases, the bank should reconfirm both amounts. If both amounts are correct, the bank should consider using the above method to account for unearned income.

Item M.1 If total restructured loans and leases, as reported on item M.1, represents twenty percent or more of the corresponding outstanding balances, the amounts should be reviewed for accuracy. The corresponding balances include all loans and leases except those reported on line items 1.(c) and 6.

Item M.1 should not include any past due or nonaccrual loans reported on Schedule RC-N, item M.1. If the amounts reported on these two schedules are equal or approximate in value, both schedules should be reconfirmed.

The bank may report item M.1 according to its own loan categorization system. The bank must, however, use consistent definitions for loans reported on item M.1, and for each schedule in which the bank is permitted to use its own loan categorization system. If the bank reports an amount as restructured real estate loans on Schedule RC-C, item M.1.(a), it should report any income on these loans as real estate loans on Schedule RI, item 1.a.(2). These loans should also be included in average real estate loans on Schedule RC-K, item 5.b.

Item M.2.c "Fixed rate AND floating rate loans and leases with a REMAINING MATURITY of one year or less ," should be reviewed if the amount is equal to the sum of closed-end loans secured by first liens on 1-4 family residential properties reported on items M.2.a.(1) and M.2.a.(2) plus other loans and leases reported on M.2.b.(1) and M.2.b.(2). Items M.2.a and M.2.b include floating rate loans that may or may not have a remaining maturity of one year or less.

Item M.2.d "Fixed rate AND floating rate loans secured by nonfarm nonresidential properties with a REMAINING MATURITY of over five years," cannot exceed the sum of other loans and leases reported on items M.2.b(1) through M.2.b(6) or the total outstanding balance of these loans reported on item 1.e.

Item M.2.e "Fixed rate AND floating rate commercial and industrial loans with a REMAINING MATURITY of over three years," cannot exceed the sum of other loans and leases reported on items M.2.b(1) through M2.b.(6) or the outstanding balance of these loans reported on item 4.

Item M.4 "Loans to finance commercial real estate, construction, and land development activities **(not secured by real estate),**" included in part I, items 4 and 8, are detailed on item M.4. This item should be reviewed if it represents twenty five percent or more of total "Commercial and industrial loans" plus "All other loans," reported in part I line items 4 and 8. If item M.4 contains a large value, the bank should carefully review the instructions because this item is frequently misinterpreted and consequently reported on this line item in error. These loans are for the purpose of acquiring, developing, and renovating commercial and residential real estate but are not secured by real estate.

Item M.5 "Loans and leases held for sale" should be reviewed and verified if the amount represents twenty five percent or more of total loans, reported on item 11. If the bank reports a large amount of loans held for sale, it should confirm that it is the intent of the bank to hold these assets for a short period of time.

Part II. Loans to Small Businesses and Small Farms
(to be reported only with the June Report of Condition)

This section requests information about loans to small businesses and small farms. In Part II, item 1, a bank must indicate by checking YES or NO whether all or substantially all of the dollar volume of the bank's "Loans to Small Businesses," as reported on Schedule RC-C, item 1.e, " Loans secured by nonfarm nonresidential properties" and item 4, "Commercial and industrial loans" have **original amounts** of $100,000 or less. Although it is essential for completing this schedule, this item is frequently overlooked. The bank should also make certain that a box is appropriately checked for "Agricultural Loans to Small Farms," Part II, item 5.

Items 1-4 When a bank checks YES for item 1, indicating that all or substantially all of the dollar volume of its "Loans to Small Businesses" have original amounts of $100,000 or less, it must report the number of loans outstanding in items 2.a and 2.b. If the bank checks NO for item 1, it should <u>not</u> complete item 2, but must provide additional detail in items 3 and 4 on the number and amount of loans currently outstanding.

Additionally, if a bank checks "YES" for item 1 but the average for either of the components included in this category is greater than $100,000, the bank must amend the YES to read NO and provide the additional data requested for lines 3 and 4. The averages for "Loans to Small Businesses" are derived by dividing the dollar amounts reported in Part I, items 1.e. and 4, by the number of loans reported by the bank in Part II, items 2.a. and 2.b respectively.

Items 5-8 When a bank checks "YES" for item 5, indicating that all or substantially all of the dollar volume of its "Agricultural Loans to Small Farms" have original amounts of $100,000 or less, it must report the number of loans outstanding in items 6.a and 6.b. If the bank checks NO for item 5, it should <u>not</u> complete item 6, but must provide additional detail in items 7 and 8 on the number and amount of loans outstanding.

If a bank checks "YES" for item 5, but the average for either of the components included in this category is greater than $100,000, the bank must amend the YES to read NO and provide the additional data requested for lines 7 and 8. The averages for "Agricultural Loans to Small Farms" are derived by dividing the dollar amounts reported in Part I, items 1.b. and 3, by the number of loans reported in Part II, items 6.a. and 6.b respectively.

The bank should also confirm the number of loans reported on line items 2 and 5 if the average is very small. The dollar value from Part I instead of the number of loans is often reported on these line items in error.

When deciding whether to check either YES or NO the bank must look at the dollar volume of <u>each</u> loan category. In order to answer YES, *both* categories of loans included in "Loans to Small Businesses" must contain a substantial dollar volume of loans that have original amounts less than $100,000 on a stand-alone basis. These categories should <u>not</u> be aggregated to make this determination. These guidelines also apply to "Agricultural Loans to Small Farms," Part II, item 5.

Common Reporting Errors-
Schedule RC-C

- Part I, item M.2.a plus M.2.b less total nonaccrual loans from Schedule RC-N does not equal the sum of items 1 through 9.

- Part I, the sum of items M.2.a.(1) through M.2.a.(6) does not equal total loans secured by 1-4 family residential properties reported on item 1.c.(2)(a) minus Schedule RC-N, item M.4.c.(2).

- Part I, the sum of items M.2.b.(1) through M.2.b.(6) does not equal the sum of items 1 through 10 minus item 1.c.(2)(a) minus Schedule RC-N, sum of items 1 through 5, column C, plus item M.4.c.(2), column C.

- Significant increase or decrease in an item due to a reclassification.

- Part I, item M.6 contained a value on the previous Call Report but is zero on the current report.

- Part I, item M.4 includes loans secured by real estate.

- Part II, item 1 or 5 is checked "YES" but the average as defined above is greater than $100,000.

Schedule RC-E-Deposit Liabilities

Schedule RC-E categorizes deposits by type of account. Transaction accounts are reported in column A and B, and nontransaction accounts are reported in column C. Additional detail on specific deposits is reported on selected memoranda items.

Items 2,3 If item 2, column C contains a value, and item 3, column C does not, the items should be reviewed for possible line switching. While it is customary for a bank to hold nontransaction accounts of state and political subdivisions it is not common for a bank to hold nontransaction accounts of the U.S. Government. The bank may have reported an amount on item 2, column C that should have been entered on item 3, column C.

Item 7 Deposits of "Banks in foreign countries, foreign governments, and foreign official institutions" reported on item 7, column A, should be reconfirmed if this item represents more than ten percent of total transaction accounts reported on item 8, column A.

Item 8 Total transaction accounts reported in column A include demand deposits, NOW accounts, ATS accounts and similar deposits. Demand deposits are itemized in column B. Since column B includes <u>only</u> demand deposits, no line item in column B can contain a value greater than the same line item in column A. If item 8, column B, is equal to zero, the bank should confirm that it does not hold any demand deposits.

If a bank holds savings accounts that are noninterest-bearing, total demand deposits reported on item 8, column B, will not equal total noninterest-bearing deposits reported on item 13.a.(1) on Schedule RC. In this situation, the sum of total transaction accounts, item 8, column A, and total nontransaction accounts, item 8, column C, less total demand deposits, item 8, column B, will not equal total interest-bearing deposits, item 13.a.(2) on the Report of Condition. The result of this computation, as in this case, can be greater than item 13.a.(2) on Schedule RC. The result should not be less than item 13.a.(2) on Schedule RC.

Since demand deposits are noninterest-bearing, total demand deposits, item 8, column B, <u>cannot</u> exceed item 13.a.(1) on the Report of Condition.

Item M.3 Although transaction accounts include ATS accounts and similar deposits, many banks do not hold these type of accounts. Thus for many banks, the NOW account balance is the only difference between total transaction accounts, reported in column A, and total demand deposits, itemized in column B. If total NOW accounts reported on item M.3 represent less than fifty percent of this difference, all three amounts should be reconfirmed. In <u>no</u> instance can total NOW accounts exceed this difference.

Item M.1.a Total Individual Retirement Accounts and Keogh Plan accounts reported on item M.1.a cannot exceed total deposits of individuals, partnerships and corporations reported on item 1, column A, plus item 1, column C. The bank should compare the current value of item M.1.a to the value reported on the prior report. If the current value reflects an increase of more than one hundred percent or decrease of more than fifty percent, this change should be confirmed.

The sum of items M.1.a plus brokered deposits on item M.1.b and preferred deposits on item M.1.e, cannot exceed Total deposits, item 13.a, on the Report of Condition.

Item M.1.b Total brokered deposits, item M.1.b, should be confirmed if the amount represents fifty percent or more of total nontransaction accounts, item 8, column C. Brokered deposits issued in denominations of less than $100,000 are detailed on item M.1.c.(1). Brokered deposits issued **either** in denominations of exactly $100,000 **or** in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less, are detailed on item M.1.c.(2). The sum of items M.1.c.(1) and M.1.c.(2) <u>cannot</u> exceed total brokered deposits, item M.1.b.

If the sum of items M.1.c.(1) and M.1.c.(2) does not equal total brokered deposits, and the difference is less than $100,000, all three amounts should be reviewed. Since items M.1.c.(1) and M.1.c.(2) account for all brokered deposits of $100,000 or less, and the difference in this case is less than $100,000, the bank should confirm these amounts. As an example, assume Bank A reports $4,000,000 for total brokered deposits on item M.1.b. On item M.1.c.(1), the bank reports $1,480,000, and on item M.1.c.(2) it reports $2,500,000. The sum of items M.1.c.(1) and item M.1.c.(2) equals $3,480,000. This amount should then be subtracted from total brokered deposits. ($ 4,000,000 - $3,480,000 = $20,000) Because $20,000 is less than $100,000, it appears the amount should be included in item M.1.c.(1).

If total brokered deposits consist exclusively of time deposits, the difference between total brokered deposits, item M.1.b, less brokered deposits issued in denominations of less than $100,000, item M.1.c.(1), should represent time deposits of $100,000 or more included in item M.2.c. This difference should not be greater than time deposits of $100,000 or more, item M.2.c.

Brokered deposits issued **either** in denominations of exactly $100,000 **or** in denominations greater than $100,000 and participated out by the broker in shares of

$100,000 or less should be reviewed if the item contains a value less than $100,000.

If a bank reports brokered deposits on item M.1.b, and item M.1.d.(1) and/or item M.1.d.(2) is zero, these items should be validated. The banker should confirm that no deposits reported on item M.1.b. have a remaining maturity of one year or less.

Item M.2.c Total time deposits of $100,000 or more, cannot contain a value less than $100,000.

Item M.5.b "Fixed rate AND floating rate time deposits of less than $100,000 with a REMAINING MATURITY of one year or less," should be reviewed if the amount equals the sum of items M.5.a.(1) plus M.5.a.(2), "Time deposits of less than $100,000 with a remaining maturity **or** repricing frequency of 12 months or less." These items include floating rate time deposits that may have a remaining maturity of greater than one year.

Item M.6.b Similarly, "**Fixed rate AND floating rate time deposits of $100,000 or more with a REMAINING MATURITY of one year or less"** should be reviewed if the amount equals the sum of items M.6.a.(1) and M.6.a.(2). These items include floating rate deposits that may have a remaining maturities of greater than one year.

Item M.6. Maturity and repricing data for fixed and floating rate time deposits of $100,000 or more, reported on items M.6.a.(1) through M.6.a.(4), must be corrected if the value of any of these components is less than $100,000, or if the total on item M.6.c is less than $100,000.

Common Reporting Errors-
Schedule RC-E

- Item 2, column c contains a value but item 3, column c does not.
- The sum of items M.2.a.(1) through M.2.c does not equal item 8, column c.
- Item M.3 is zero or outside the parameters stated above.
- Item M.5.c or M.6.c is zero.
- Item M.1.b contains a value but item M.1.d.(1) or M.1.d.(2) is zero.

Schedule RC-F-- Other Assets

Schedule RC-F includes a myriad of assets that cannot be reported elsewhere on the Report of Condition. Items 1 through 3 request amounts for specific assets includable in "Other Assets," while item 4, "Other," includes the remaining amount of other assets that cannot be reported elsewhere on the Report of Condition. The most common asset reported in item 4 is income earned, not collected on securities.

Item 1 This item should be reviewed if the amount reported is zero. If item 1 is zero, the bank is indicating that it has collected all interest receivable on its loans. Often, interest earned, not collected on loans is incorrectly reported on item 4. Item 1 should also be reviewed if it represents eighty-five percent of the total reported on item 5, excluding item 2, deferred tax assets. A common reporting error is to include accrued interest receivable on securities in item 1.

Item 2 "Net deferred tax assets," should be compared with Schedule RC-G, item 2, "Net deferred tax liabilities." A bank should not report an amount on both schedules unless the amounts represent net deferred taxes for separate tax jurisdictions. This is the only circumstance in which a bank should have amounts reported in both items, as deferred tax assets and liabilities for the same tax jurisdiction are to be reported on a net basis.

Item 4 As stated above, assets that cannot be reported elsewhere on the Report of Condition, and cannot properly be included in items in 1 through 3, should be reported on item 4. The most common error regarding item 4 is that no itemization is provided for components greater than $25,000 that exceed 25% of the total amount reported on item 4. These amounts must be detailed on items 4.a through 4.c. For many banks, the largest component of item 4 is income earned, not collected on securities. Note that this is an aggregate total of interest receivable on *all* securities, not just one particular type of security.

Item M.1 The memorandum section of Schedule RC-F consists of only one item, "Deferred tax assets disallowed for regulatory capital purposes." The difference between net deferred tax assets, item 2 and item M.1, represents the "allowable" portion of the bank's net deferred tax assets permitted to be included as part of Tier 1 capital.[4] With certain exceptions, this amount should not exceed ten percent of the bank's Tier 1 (core) capital before the deduction of any disallowed purchased mortgage servicing rights, any disallowed purchased credit card relationships, and any disallowed deferred tax assets. Deferred tax assets which can be realized from taxes paid in prior carryback years are not subject to this ten percent limitation. Also excluded are deferred tax assets which resulted from unrealized losses on the bank's available-for-sale securities.

Common Reporting Errors - Schedule RC-F

- Item 2 on Schedule RC-F and RC-G both contain values and the amounts do not represent separate tax jurisdictions.
- Item 4 is not itemized or amounts itemized exceed the total.
- The schedule contains negative values or amounts that should be classified elsewhere on the report.
- Item 2 less item M.1 exceeds the limitation for regulatory capital guidelines.

[4] See instructions for specific limitations on net deferred assets allowed for regulatory capital purposes.

Schedule RC-G-- Other Liabilities

Schedule RC-G includes liabilities that cannot be properly reported elsewhere on the Report of Condition. The first three items request amounts for specific liabilities while item 4, "Other," includes the remaining amount of other liabilities that cannot be reported elsewhere on the Report of Condition.

Item 1 Items 1.a, "Interest accrued and unpaid on deposits," and 1.b, "Other expenses accrued and unpaid," should be reviewed if either item is reported as zero. It would be unusual for a bank to have paid all accrued interest on its deposits or to have paid all of its "other" accrued expenses, which may include accrued income taxes payable, accrued property taxes, and accrued salaries and bonuses.

The accuracy of items 1.a and 1.b should also be questioned if 1.a is less than twenty five percent of item 1.b. One common reporting error is to include dividends declared but not yet paid in item 1.b. Dividends are not accrued through charges to expense and therefore should not be reported in item 1.b. The instructions also specifically state that cash dividends declared but unpaid should be included in item 4.

Item 2 "Net deferred tax liabilities," should be reviewed in the same manner that Schedule RC-F, item 2 was reviewed. A bank should not report an amount on both schedules unless the amounts represent net deferred taxes for <u>separate tax jurisdictions</u>.

Item 3 Most small banks report zero for item 3, "Minority interest in consolidated subsidiaries." If the bank however, reports an amount on this item but did not report an amount in the previous quarter, it should be reviewed for accuracy. If item 3 is now zero but contained a value on the previous report, the data should also be questioned.

Item 4 If item 4 is greater than $100,000 and there is no detail provided on items 4.a through 4.c, the bank should review the components that comprise item 4 to ensure that no component is greater than $25,000 and exceeds 25% of the total reported on item 4. Since lines 4.a through 4.c consist of the largest components of item 4, the sum of the three amounts cannot be greater than the total reported on item 4.

Common Reporting Errors-
Schedule RC-G

- Item 1.b is zero.
- Item 4 is not itemized or contains amounts that should be reported elsewhere on the Call Report.

Schedule RC-K-Quarterly Averages

Schedule RC-K includes quarterly averages used to calculate yields and cost of funds on selected assets and liabilities.

This schedule is one of four schedules in which banks are permitted to report loan detail in terms of their internal loan categorization system. The method for determining these averages is discussed in the general instructions for the schedule. The quarterly averages listed in Table 1 should be compared to their outstanding balances on the Reports of Condition.

Table 1

Quarterly Average- Schedule RC-K		***Compare to:***	**Outstanding Balance- Corresponding Schedule**	
Item No.	**Description**	**Schedule**	**Item No.**	**Description**
2.a	U.S. Treasury securities, and U.S. Government agency and corporate obligations, and other debt securities.	RC-B	Sum of items 1, 2, 4, & 5, column A, and C	1 .U.S. Treasury securities, 2. U.S. Government agency and corporation obligations, 4. Mortgage-backed securities, 5. Other debt securities
2.b	Equity securities	RC-B	6, column C	Equity securities
3	Securities issued by states and political subdivisions in the U.S.	RC-B	3, column A, and C	Securities issued by states and political subdivisions in the U.S.
5.a	Total loans, net of unearned income (*to be completed by banks with total assets less than $25 million)*	RC-C	11 plus 10, less 9	11. Total loans and leases, net of unearned income, plus 10. Unearned income, less 9. Lease financing receivables
Sum of items 5.b, 5.c, 5.d, & 5.e	Average total loans (Real estate loans, Installment loans, Credit card and related plans, and Commercial and all other loans) (*to be completed by banks with total assets of $25 million or more)*	RC-C	11 plus 10, less 9	11. Total loans and leases, net of unearned income, plus 10. Unearned income, less 9. Lease financing receivables.
7	Total assets	RC	12	Total assets
9.a	Money market deposit accounts	RC-E	M.2.a.1	Money market deposit accounts
9.b	Other savings deposits	RC-E	M.2.a.2	Other savings deposits
9.c	Time deposits of $100,000 or more	RC-E	M.2.b	Total time deposits of $100,000 or more
9.d	Time deposits of less than $100,000	RC-E	M.2.c	Time deposits of less than $100,000

The quarterly average for all debt securities included in **<u>items 2.a</u>** and **<u>3</u>**, in Table 1, should be based on amortized cost. The quarterly average for equity securities included on item 2.b, in Table 1, should be based on historical cost.

Since this schedule consists of quarterly averages, it would be unusual for an amount reported on this schedule to equal its outstanding balance. The quarterly average of any item that is equal to its outstanding balance should be reconfirmed. The average for any item listed in Table 1, *excluding item*

7, should be reconfirmed or corrected if it is less than fifty percent or greater than one hundred and fifty percent of its outstanding balance . **Item 7** should be reviewed if it is less than seventy percent or greater than one hundred and thirty percent of total assets on the Report of Condition. If the quarterly average for any of these items is outside of these parameters, the banker may be required to provide supporting data in order to explain these large discrepancies.

Average earning assets are comprised of items 1 through 6. Since these items do not include all assets reported on the Report of Condition, it would be unlikely for the sum of these items to equal average total assets, item 7. If the sum of these items is equal to average total assets, the bank should reconfirm all of the reported amounts.

Item 8 "Interest-bearing transaction accounts" should be compared to the difference between total transaction accounts, item 8, column A, less demand deposits, item 8, column B, on Schedule RC-E. Item 8, on Schedule RC-K, should be confirmed if it is less than forty percent or greater than one hundred and sixty percent of the difference between item 8, column A less B on Schedule RC-E. For example, if total transaction accounts on item 8, column A, is equal to $10,044,000 and total demand deposits on item 8, column B, is equal to $7,204,000, item 8 on Schedule RC-K must be verified if it is less than $1,136,000 or greater than $4,544,000.

Item M.1 If the bank is required to report agricultural loans on item M.1, the amount should be compared to the sum of items 1.b and 3, or simply item 3, on schedule RC-C, depending on the method used to categorize these loans.[5] Average agricultural loans cannot exceed total average loans. If item M.1 is equal to zero, the bank should confirm that it is not required to report average agricultural loans.[6]

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[5] Although banks are permitted to report item M.1 according to their internal loan categorization system, the description of what the bank considers "Agricultural loans" generally should not be more inclusive than loans reported on item 1.b and item 3 on Schedule RC-C. See instructions for loan classifications used in this schedule.

[6] Item M.1 is to be reported by banks with total assets of $25 million or more and with loans to finance agricultural production and other loans to farmers (as reported in Schedule RC-C, part I, item 3) exceeding five percent of total loans, net of unearned income. The $25 million asset size test is based on the reporting bank's total assets as reflected in the Report of Condition for June of the previous year. Once a bank begins to report loan detail in Schedule RC-K, it must continue to report the additional detail.

**Common Reporting Errors-
Schedule RC-K**

- The sum of items 1 through 6 exceed item 7.
- Detail on loan averages is not consistent with detail on other schedules in which banks are permitted to use their own method to determine loan detail.
- Items when compared to their outstanding balances are outside the parameters stated above.

Schedule RC-L-Off-Balance Sheet Items

Schedule RC-L includes selected commitments, contingencies and other off-balance sheet items that are not reportable as part of the balance sheet.

As previously stated, each item on the current Call Report should be compared to the same item on the prior Call report. Specific parameters that include normal variances between report dates have been established for this schedule. Items that reflect changes outside these parameters should be substantiated or amended.

The following items on the current Call Report, should be reconfirmed if : (1.) the item represents more than two percent of "Total assets," as reported on the Report of Condition, and (2.) the item, when compared to the prior Call Report, reflects a decrease of more than fifty percent, or an increase of more than two-hundred percent.

Item 1 Unused commitments
- a. Revolving, open-end lines secured by 1-4 family residential properties
- b. Credit card lines
- c. Commercial real estate, construction, and land development:
  - (1) Commitments to fund loans secured by real estate
  - (2) Commitments to fund loans not secured by real estate
- d. Securities underwriting
- e. Other unused loan commitments (*For item 1.e, the amount should be reviewed if it exceeds four percent of total assets and it is outside of the other parameters stated above.)*

Item 2 Financial standby letters of credit
Item 3 Performance standby letters of credit
Item 4 Commercial letters of credit
Item 6 Participations in acceptances
Item 9 **Financial assets transferred (i.e., sold or swapped) with recourse that have been treated as sold for Call Report purposes**
Item 10 **Notional amount of credit derivatives**
Item 12 All other off-balance sheet liabilities
Item 13 All other off-balance sheet assets
Item 14 Gross amounts of off- balance sheet derivatives position indicators
Item M.3 Unused commitments with an original maturity exceeding one year (*For item M.3, the amount should be reviewed if it exceeds five percent of total assets and it is outside of the other parameters stated above.)*

Item 1 The sum of loan commitments, reported on items 1.a through 1.e above, should be reviewed if the total is greater than fifty percent of "Total assets," item 12, on the Report of Condition.

Item 1.a "Revolving, open-end lines secured by 1-4 family residential properties," reported on item 1.a, are reported on item 1.c.(1), on Schedule RC-C, when funded. The amount reported on item 1.a should be reconfirmed if it is greater than $250,000, and item 1.c.(1), on Schedule RC-C, is zero.

Item 1.c.(2) Commercial real estate, construction and land development commitments to fund loans not secured by real estate should be reconfirmed if:

- Item 1.c.(2) contains a value of $500,000 or more, and item M.4, on Schedule RC-C is equal to zero. Commitments reported on item 1.c.(2) when funded, are reported on item M.4 on Schedule RC-C. If this item contains a large value it should carefully be reviewed because it is frequently misinterpreted and reported in error.

- Item 1.c.(2) is greater than fifty percent of item 1.e. A common reporting error is to include commercial loan commitments in item 1.c.(2) that should be reported on item 1.e.

- Item 1.c.(2) is greater than 1.e and five percent of the item is more than item M.4, on Schedule RC-C. This is another indication that this item may be overstated.

Items 2, 3 "Financial and performance standby letters of credit," items 2 and 3, should be reviewed if either amount exceeds ten percent of total assets. These amounts should not equal amounts of "Financial and performance standby letters of credit conveyed to others," items 2.a and 3.a, unless they have been participated, are backed by other bank's letters of credit, or are reparticipated to others. "Commercial letters of credit," item 4, should be reviewed if it exceeds 25 percent of total assets.

Item 6 "Participations in acceptances" does not represent the same amount reported as "Bankers acceptances" on item 5, Schedule RC-C. If these items are equal, both values should be reviewed. Item 6, should also be reviewed if it exceeds twenty-five percent of total assets.

Item 7 "Securities borrowed," cannot exceed "Total assets," item 12 , on the Report of Condition.

Item 9 "Financial assets transferred ... with recourse ...," should be reviewed if any amount on items 9.a through 9.c exceeds twenty five percent of total assets. If item 9.a.(1) contains a value, an amount should also be reported on item 9.a.(2). If first lien 1-to-4 family residential mortgage loans are sold or transferred with recourse, the amount of recourse should be reported on item 9.a.(2). Items 9.b, and 9.c should be reviewed for similar discrepancies. If the amount of recourse reported on items 9.b.(2) and 9.c.(2) exceeds ten percent of 9.b.(1) and 9.c.(1) respectively, the amounts should be reconfirmed.

A large amount of recourse retained by the reporting bank may require that the transaction be reported as a borrowing from the purchaser.

Items 12, 13 "All other off-balance sheet liabilities" and "All other off-balance sheet assets," should be confirmed if either item exceeds five percent of total assets.

Items 15, 16 Total gross notional amount of derivative contracts, should be reviewed and confirmed if the sum of contracts reported on items 15, 16.a, and 16.b, columns A, B or C, exceeds total assets.

Common Reporting Errors-
Schedule RC-L

- Significant increases or decreases outside the parameters stated above especially items 1.e and M.3.

- Item 1.c.(2) is outside of the parameters stated above.

Schedule RC-M-- Memoranda

Schedule RC-M includes miscellaneous memoranda and supplemental information on selected core items reported on the Report of Condition. This schedule collects information on such items as extensions of credit to executive officers, directors, principal shareholders, and their related interests, servicing of 1-4 family residential mortgage loans, sales of mutual funds and annuities, and detail on other real estate reported on the Report of Condition.

Item 1.a "Aggregate amount of all extensions of credit ..." should be compared to the bank's total assets, as reported on Schedule RC, item 12.a. The item should be reviewed if it is greater than fifty percent of the bank's total assets. It also should be confirmed if it exceeds the sum of the bank's equity capital plus its allowance for loan and lease losses. If the item exceeds either of these parameters, the bank should review these amounts to determine if the amounts represent concentrations of credit or exceed state lending limits as defined by the bank's state banking authority.

Item 1.b This item should be reviewed if the amount reported exceeds the number of full-time equivalent employees the bank has reported on Schedule RI, item M.4. In addition, if no amount is reported in item 1.a, the bank should not report a number in 1.b.

Item 3 Since items 3.a, "Noninterest-bearing balances due from commercial banks in the U.S.," and 3.b, "Currency and coin," are both included in Schedule RC, item 1.a, the sum of the two amounts cannot exceed the amount reported in RC, item 1.a. The sum of 3.a and 3.b generally will be less than RC, item 1.a because item 3.a excludes cash items in process of collection and balances due from Federal Reserve Banks which are included in RC, item 1.a. Due from account balances that are overdrawn should be reported as borrowings in Schedule RC, item 16 and should be not netted from item 3.a or item 1.a on Schedule RC.

Item 4 The "Outstanding principal balance of 1-4 family residential mortgage loans serviced for others," reported on items 4.a through 4.d, should be reviewed for accuracy if the sum of these items is twice as large as the bank's "Total assets," as reported on Schedule RC, item 12.a.

Item 6 Item 6.a.(1), **"Estimated fair value of mortgage servicing assets,"** should be reviewed if it is less than eighty percent or greater than one hundred and twenty percent of item 6.a, "Mortgage servicing assets."

Item 6.b.(1), "Purchased credit card relationships," should be reviewed for accuracy if it is greater than twenty percent of the amount reported on Schedule RC-C, item 6.a, "Credit cards and related plans."

Item 6.e, "Intangible assets that have been grandfathered or are otherwise qualifying for regulatory capital purposes," should be questioned if it is greater than zero. If the bank asserts that certain of its intangible assets meet criteria to qualify them to be reported in this item, the bank may need to provide documentation upon request. If the bank cannot provide such supporting evidence, item 6.e probably should be changed to zero.

Item 7 "Mandatory convertible debt, net of common or perpetual preferred stock dedicated to redeem the debt," should be questioned if it is greater than Schedule RC, item 19, "Subordinated notes and debentures... ."

Item 8 If "Direct and indirect investments in real estate ventures" reported on either item 8.a.(1) or item 8.b.(1), contains a value, the amount should be reviewed for accuracy. The bank should refer to its state banking regulations to determine if the bank is permitted to invest in real estate ventures.

Item 9 "Noncumulative perpetual preferred stock and related surplus," should be compared with Schedule RC, item 23, "Perpetual preferred stock and related surplus." Item 9 should not contain a value if RC, item 23 is zero. If item 9 is zero and Schedule RC, item 23 contains a value, the bank needs to confirm that perpetual preferred stock reported on RC, item 23 is "cumulative." This distinction is important in determining Tier 1 and Tier 2 capital. It is also important in determining the amount of dividends declared since cumulative preferred stock must pay dividends in arrears.

Item 10 Banks often commit errors on item 10.f by reporting the total of items 10.a through 10.e. Item 10.f should only include sales of *proprietary* mutual funds and annuities. If 10.f is equal to the sum of items 10.a through 10.e, the bank is indicating that it has only sold proprietary mutual funds. These funds generally consist of the bank's or the holding company's own private label mutual fund and annuity products. Because these instruments are typically created by large banking organizations and offered by subsidiary banks, small, independent banks are not normally involved in the sale of proprietary mutual funds and annuities. *It is important to note that item 10 should only include sales that were made during the quarter.*

Common Reporting Errors-
Schedule RC-M

- Significant increase or decrease in item 1 that is due to a reporting error on the previous Call Report.
- Item 3.a contains a negative value or the sum of item 3.a plus 3.b exceeds item 1.a on Schedule RC.
- Item 6.e contains a value that is not "qualifying."
- Item 8.a.(3) does not equal item 7 on Schedule RC.
- Item 10.f is equal to the sum of items 10.a through 10.e and the amount does not represent proprietary mutual funds and annuities.

Items 1-5, M.2 Total past due and nonaccrual loans and leases is equal to the sum of items 1 through 5, reported in columns A through C. This total should be reconfirmed if:

- The sum of these items exceeds gross loans, item 11 plus item 10, on Schedule RC-C. Since these items are included on Schedule RC-C, the sum of these items can never exceed gross loans.
- Total past due and nonaccrual loans and leases is equal to zero. A bank should confirm that it has no loans or leases past due or no loans or leases on nonaccrual status.
- The sum of these items is equal to more than fifteen percent of gross loans, item 11 plus item 10 on Schedule RC-C.

Schedule RC-N-Past Due and Nonaccrual Loans, Leases and Other Assets

Schedule RC-N includes all loans, leases, debt securities, and other assets that are past due or on nonaccrual status. This schedule is one of four schedules in which banks are permitted to report loan detail in terms of general loan categories that are based upon each bank's own internal loan categorization system.

A bank should compare amounts reported for each category of past due loans, on items 1 through 4, column A and B, to the same category of loans reported on items 5.b through 5.e, on Schedule RC-K, and items 1.a.(2) through 1.a.(5), on Schedule RI.[7]

[7] This does not apply to banks with assets of less than $25 million in total assets that are not required to report loan detail on Schedule RI and Schedule RC-K.

Although the bank is permitted to report loan detail on this schedule based upon its own loan categorization system, it must use consistent definitions for these categories on each schedule in which it is permitted to use this classification system. If, for example, the bank reports past due *real estate loans*, but does not report a quarterly average or income for *real estate loans*, the bank should correct the appropriate schedule(s) so the data is reported in a manner that is consistent on each schedule.

Similarly, the bank should compare loan categories reported on items 2, 3, 4 and M.2, to their corresponding quarterly average and income amounts. The classification method used to determine these amounts should be consistent with the method used to determine the quarterly average and the year-to-date income. If the methods are not consistent, the bank should make appropriate corrections to the report.

Item 5 The sum of lease financing receivables, reported on item 5, column A, B, and C should be compared to item 9, on Schedule RC-C. The sum of item 5, on Schedule RC-N, cannot exceed the outstanding balance of lease financing receivables reported on item 9, Schedule RC-C.

Item 6 If a bank reports an amount for "Debt securities and other assets," on item 6, columns A, B, or C, the bank should confirm that it does in fact have securities or other assets past due or on nonaccrual status. A common reporting error is to report total past due loans and leases on this line item. If the sum of item 6 column A, B, and C, is greater than ten percent of total debt securities reported on item M.2, Schedule RC-B, the amounts reported on item 6, Schedule RC-N should be reconfirmed. Although the amount reported on Schedule RC-N can include other assets, it usually consists of debt securities only.

Item 7 Loans and leases wholly or partially guaranteed by the U.S. Government are reported in item 7. If the amount reported in item 7, column A, B, or C, represents more than fifty percent of total loans and leases (sum of items 1 through 5) reported for that column, item 7 should be reconfirmed.

Item M.1 "Restructured loans and leases" should be reviewed if the sum of item M.1, columns A, B, and C is greater than ten percent of the corresponding outstanding loan and lease balances, (items 11 plus 10, less items 1.c and 6, on Schedule RC-C). (This item excludes restructured loans secured by 1-4 family residential properties, as reported on Schedule RC-C, item 1.c, and restructured loans to individuals for household, family, and other personal expenditures, as reported on Schedule RC-C, item 6.)

Item M.2 Agricultural loans that are past due and reported on item M.2, column A, cannot exceed total past due loans reported on items 1 through 5, column A. Agricultural loans reported on item M.2, column B, cannot exceed total past due loans reported on items 1 through 5, column B. Finally, agricultural loans that are on nonaccrual status and reported on item M.2, column C, cannot exceed total nonaccrual loans reported on items 1 through 5, column C.

Common Reporting Errors-
Schedule RC-N

- Detail on past due and nonaccrual loans is not consistent with detail on Schedule RC-K. The amount for an individual loan category exceeds total average loans for the same category.
- Item 6 is equal to the sum of items 1 through 5.
- Item M.3 exceeds item M.4 on Schedule RC-C.
- The sum of items M.4.a through M.4.e does not equal item 1 for columns a, b or c.

Schedule RC-O-- Other Data for Deposit Insurance Assessments

The data collected on Schedule RC-O contains additional deposit information used to determine the bank's deposit insurance assessment.

Items 1,2 Unposted debits and credits are reported on items 1 and 2, respectively.[8] Generally, banks should not have large amounts reported in either item. If the sum of items 1 and 2 exceeds ten percent of the bank's total deposits as reported on Schedule RC, item 13, the bank may be required to explain the reason for these large amounts. If the bank cannot provide an adequate explanation, it should review the Call Report instructions regarding these items. Any large unposted items should be identified and the Call Report should be corrected by including these items in the accounts that the items "cleared" to.

Item 3 "Uninvested trust funds (cash)," should be verified if it is greater than zero and the bank does not have trust powers.

Item 4 The reporting bank may have a consolidated subsidiary that has a deposit with the bank. Under the rules of consolidation, this deposit is eliminated on Schedule RC-E. This deposit is insured by the FDIC and should be reported in item 4.a, "Demand deposits of consolidated subsidiaries," or 4.b, "Time and savings deposits of consolidated subsidiaries," of Schedule RC-O.

Item 4.c, "Interest accrued and unpaid on deposits of consolidated subsidiaries," should be questioned if the amount reported is greater than ten percent of item 4.b. It should also be confirmed if it is equal to zero and item 4.b is not equal to zero.

Unamortized premiums and discounts on time and savings deposits[9] may arise for many reasons. The key point to remember, however, is that the presence of unamortized premiums or discounts mean that the bank's actual liability to its' customer is greater than

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[8] Refer to the Call Report instructions for definitions of unposted debits and credits.

[9] Refer to the Call Report instructions for more information on unamortized premiums and discounts.

or less than the recorded amount of the deposit on Schedule RC-E.

Item 7 If the sum of items 7.a, "Unamortized premiums," and 7.b, "Unamortized discounts," is greater than five percent of the bank's total nontransaction accounts reported on Schedule RC-E, item 8, column C, the bank may be required to explain how it determined these amounts.

Also, if the amount reported in item 7.a is equal to Schedule RC-M, item 6.b.(2), "All other identifiable intangible assets," the bank should ensure that the amounts resulted from two unrelated transactions.

Item 8 If deposits **purchased or acquired**, or **sold or transferred** during the quarter, reported on item 8.a and 8.b, represent more than fifty percent of total deposits, item 13.a on the Report of Condition, the amounts should be reconfirmed.

Item 10 Most banks will not report any amount in item 10, "Benefit-responsive 'Depository Institution Investment Contracts.'" If the amount in item 10 is greater than one percent of the bank's total deposits as reported on Schedule RC, item 13.a, the data should be reviewed.

Item M.1 Memorandum item 1, "Total deposits of the bank," requires the bank to provide deposit information on the basis of whether the deposits are $100,000 or less, or more than $100,000. This data is used, among other reasons, to determine the amount of the bank's deposits that are not insured by the FDIC.

If the amount of deposits of more than $100,000, reported in item M.1.b.(1), is greater than the amount of deposits of $100,000 or less reported in item M.1.a.(1), the data should be reviewed for accuracy.

Since Memorandum item 1.b deals only with deposits of more than $100,000, the average deposit amount (i.e., item M.1.b.(1) divided by item M.1.b.(2)) must be greater than $100,000. If it is not, the bank has reported an error and must correct the report. This data should be reconfirmed if the average deposit amount is greater than $500,000. The bank may need to confirm any large deposit(s) reported in this item.

Item M.1.b.(1) should be compared with Schedule RC-E, item M.2.c, "Total time deposits of $100,000 or more." If the bank reports a zero in item M.1.b.(1), but reports an amount in item M.2.c, on Schedule RC-E, it has probably made an error in item M.1.b.(1).

Item M.2 Memorandum item 2.a indicates how an estimate of the bank's uninsured deposits can be determined. If the bank has a better method for determining uninsured deposits than is described in the Call report instructions, it should mark Memorandum item 2.a "yes" and complete item M.2.(b). In no case should the bank mark "yes" and leave Memorandum item 2.b blank.

If the bank has marked "yes," its estimate, with a few exceptions, should generally be higher than the estimate determined by using the formula described in the Call Report instructions. If the bank's estimate is less, it may be required to explain how it has calculated its estimate.

The bank's estimate should also be reviewed if it exceeds forty percent of the bank's total deposits, as reported on Schedule RC, item 13.a.

Common Reporting Errors-
Schedule RC-O

- Item 7.a is equal to item 6.b.(2) on Schedule RC-M.
- The sum of items M.1.a(1) and M.1.b.(1) does not equal item 13.a on Schedule RC.
- Item M.1.b.(1) divided by item M.1.b.(2) is less than $100,000.

Schedule RC-R-Regulatory Capital

Schedule RC-R includes capital instruments and other amounts used in calculating regulatory capital ratios. The extent to which banks must complete this schedule depends on their capital level. A bank must indicate whether its "total risk-based capital," divided by "adjusted total assets," is greater than eight percent by placing an "X" in the appropriate box in **item 1**. If the bank checks "NO," it <u>must</u> complete items 4 through M.2, and assign assets and credit equivalent amounts of off-balance sheet items to one of several broad risk categories. "Total risk-based capital" and "adjusted total assets," as defined on page RC-78 and RC-81 of the Call Report instructions, are confirmed for each bank. If this regulatory capital ratio is less than eight percent, and the bank did not complete items 4 through M.2, the bank will be requested to furnish the required data.

Item 2 All banks must complete items 2 and 3. The **portion of qualifying limited-life capital instruments** is reported on items 2.a and 2.b. The sum of these items generally should not be greater than the sum of the amounts reported on these items on the previously submitted Call Report .

Item 3 Amounts used in calculating regulatory capital ratios are reported on item 3. Tables 1 through 4 are based upon a computer model utilized by the Call Report Analysis Unit to review items 3 through M.2 on each bank's Schedule RC-R. These tables are not all inclusive but rely on data the bank reports on various schedules on the Reports of Income and Condition. A bank may further refine these numbers if specific items cannot be identified on the Reports of Income and Condition.

Table 1

	Schedule	Item
Tier 1 Capital (Schedule RC-R, item 3.a)		
1. Common stock	RC	24
2. Surplus	RC	25
3. Undivided profits & capital reserves	RC	26.a
4. Noncumulative perpetual preferred stock & surplus	RC-M	9
5. Minority interest in consolidated subsidiaries	RC-G	3
6. Other qualifying intangible assets	RC-M	6.e
LESS:		
7. Other identifiable intangible assets	RC-M	6.b.(2)
8. Goodwill	RC-M	6.c
9. Deferred tax assets disallowed for regulatory purposes	RC-F	M.1
10. Unrealized loss on marketable equity securities	RC-B	6, column C less D
11. Total Tier 1 capital (sum of items 1 through 10)	RC-R	3.a
Tier 2 Capital (Schedule RC-R, item 3b) (limited to 100 % of Tier 1)		
12. Subordinated and intermediate term preferred stock	RC-R	2.a
13. Other limited-life capital instruments	RC-R	2.b
14. Cumulative perpetual preferred stock	RC, 23, less	RC-M, 9, plus RC-M, 7
15. Allowance for loan and lease losses	RC	4.b
LESS:		
16. Excess allowance for loan and lease losses (limited to the lesser of item 15 or 1.25% of gross risk-weighted assets, item 11, on Table 4)	RC-R	3.d
17. Total Tier 2 capital (sum of items 12 through 16)	RC-R	3.b

Total risk-based capital reported on item 3.c, for most banks, will equal the sum of Schedule RC-R, item 3.a "Tier 1 capital" and item 3.b "Tier 2 capital." *See Table 1, item 16, for calculation of item 3.d, and Table 4, item 7, for calculation of item 3.e.*

Average total assets, item 3.f, should equal quarterly average total assets reported on Schedule RC-K, item 7, less any assets deducted in determining Tier 1 capital, sum of items 7 through 10, on Table 1.

Items 4- 6, column A If a bank is required to complete items 4 through M.2, the amounts reported in each risk category should be compared to certain assets and off-balance sheet items on the Reports of Condition. Table 2 assigns risk weights to assets that can be identified from the Reports of Condition and establishes "reasonable" estimates for items that cannot be specifically identified. If any amount reported for a particular risk category exceeds the amount calculated for the risk category in Table 2, the banker should note the discrepancy and be able to explain the difference to the analyst reviewing the report.

In general, if a particular item can be placed in more than one risk category, due to collateralization or make-up of the asset, the item may be assigned to the category that has the lowest risk weight. If a bank is uncertain as to the proper risk weight of a particular item, it may report the item in the highest risk weight to which the item can be assigned. This can cause a discrepancy between an amount reported by the bank on items 4 through 9, and the amount calculated in Table 2. Slight discrepancies may also occur due to differences in policy by the bank's primary federal regulator.

An example of an item that could create a discrepancy is loans unconditionally guaranteed by certain U.S. Government agencies. The guaranteed portion of these loans may be reported in the zero risk category but are not specifically identified on Schedule RC-C and are not factored into Table 2. Another example is qualifying loans secured by multifamily residential properties. If these loans meet certain criteria, they can be reported in the fifty percent risk category.

Once the bank assigns the assets and credit equivalent amounts of off-balance sheet items to the various risk weights, the resulting weighted values are added together to derive the bank's risk weighted assets. If the bank is not required to complete items 4 through 9, the bank should be able to reconcile and explain any significant difference between the amount reported on item 3.e, "Risk weighted assets," and the amount calculated for the bank in Tables 2 and 4.

Table 2

Assets Recorded on the Balance Sheet		
Schedule RC-R	**Schedule**	**Item**
Assets assigned to the zero percent risk category: (Item 4.a)		
1. U.S. Treasury securities	RC-B	1, column A, plus 1, column C
2. U.S. Agency securities	RC-B	2.a, column A, plus 2.a, column C
3. Pass-through mortgage-backed securities guaranteed by GNMA	RC-B	4.a (1), column A, plus 4.a (1), column C
4. Currency & coin	RC-M	3
5. Federal Reserve balance (estimate)	RC	In RC, 1.a
6. Federal Reserve stock (estimate)	RC-B	6.b, column C (limited to 3% of common stock plus surplus)
Assets assigned to the twenty percent risk category: (Item 5.a)		
7. Interest-bearing balances	RC	1.b
8. Federal funds sold	RC	3
9. a.) U.S. Government-sponsored agency securities, b.) Mortgage-backed pass-through securities issued by FNMA and FHLMC, and c.) Other mortgage-backed securities issued or guaranteed by FNMA, FHLMC, or GNMA	RC-B	column A plus C, items 2.b, 4.a (2) and 4.b (1)
10. Other privately issued securities collateralized by mortgage-backed securities issued or guaranteed by FNMA, FHLMC, or GNMA (if qualify)	RC-B	column A plus C, item 4.b (2)
11. General obligation securities issued by states and political subdivisions	RC-B	3.a, column A plus C
12. Loans to depository institutions	RC-C	2
13. Bankers acceptances	RC-C	5
14. Balances due from depository institutions	RC-M	3.a
15. Cash items in process of collection (estimate)	RC, RC-M	RC, 1.a, less [(RC-M, 3.a + 3.b) + balance due from Federal Reserve]
16. Other (estimate) U.S. Government-guaranteed loans and other qualifying collateralized loans		Verify if amount is > 5% of total loans.
Assets assigned to the fifty percent risk category: (Item 6.a)		
17. Revenue obligation securities issued by states and political subdivisions in the U.S.	RC-B	3.b, column A plus C
18. Other mortgage-backed securities (if qualify)	RC-B	column A plus C, item 4.a (3)
19. All other mortgage-backed securities (if qualify)	RC-B	column A plus C, item 4.b (3)
20. Qualifying loans secured by FIRST liens on 1-4 family residential properties	RC-C	1.c.2 (a)

Item 7, column A Assets assigned to the one-hundred percent risk category for column A, should equal the difference between "Total assets recorded on the balance sheet," Schedule RC-R, item 9 plus or minus any "On-balance sheet assets excluded from the calculation of the risk-based capital ratio," Schedule RC-R, item 8, less the amounts identified for items 1 through 20 in Table 2.

Item 8 Available-for-sale securities, included in the various risk categories are reported at amortized cost. The unrealized gain or loss on these securities, and any on-balance sheet values of certain off-balance sheet contracts not subject to risk-based capital, are reported on item 8. To the extent that the amount of net deferred tax assets carried on the balance sheet includes the deferred tax effects of any unrealized holding gains and losses on available-for-sale debt securities. These deferred tax effects may be excluded from the net deferred tax assets amount reported as a 100 percent risk weight asset. This item also includes any portion of the bank's mortgage servicing assets, purchased credit card relationships, and net deferred tax assets disallowed for regulatory capital purposes as well as all other intangible assets and other assets that are required to be deducted from regulatory capital in accordance with the capital standards issued by the bank's primary federal regulatory agency. This item should be compared to the articles derived from the Report of Condition that are described above.

Items 4-9, column B The credit equivalent amounts of off-balance sheet items are reported in column B, items 4 through 9. Assigning risk weights for off-balance sheet items is determined by a two-step process. First, the face value or notional amount of the off-balance sheet item is multiplied by a credit conversion factor to determine the credit equivalent amount.[10] Second, the credit equivalent amount is assigned to the appropriate risk weight on items 4 through 7, column B, according to the obligor, the guarantor, or the nature of the collateral. Table 3 shows the credit conversion factors assigned to various off-balance sheet items. The items listed in each column should be multiplied by the credit conversion factor for that column to determine the item's credit equivalent amount.

[10] See instructions for further definition on conversion factors used to calculate credit equivalent amounts for specific off-balance sheet items.

Table 3

Off-Balance Sheet Items - Schedule RC-L		
Column A	**Column B**	**Column C**
Items with a 20 percent conversion factor.	**Items with a 50 percent conversion factor.**	**Items with a 100 percent conversion factor.**
Commercial and similar letters of credit (Item 4, Schedule RC-L)	Performance standby letters of credit, Unused loan commitments with an original maturity exceeding one year. (Item 3 and M.3, Schedule RC-L)	Financial standby letters of credit, Participations in acceptances, Securities lent, Financial assets transferred with recourse, All other off-balance sheet liabilities, (to be reviewed on an individual basis) and Current credit exposure across all off-balance sheet derivative contracts covered by the risk-based capital standards. (Item 2, 6, 8, 9, 12, Schedule RC-L and M.1 on Schedule RC-R.)
Total Column A	**Total Column B**	**Total Column C**
x 20%	**x 50%**	**x 100%**
Credit Equivalent Amount of All Off-Balance Sheet Items with a 20% conversion factor.	**Credit Equivalent Amount of All Off-Balance Sheet Items with a 50% conversion factor.**	**Credit Equivalent Amount of All Off-Balance Sheet Items with a 100% conversion factor.**

The above credit equivalent amounts should be assigned to the appropriate risk weight on items 4 through 7, column B, Schedule RC-R, according to the obligor, the guarantor, or the nature of the collateral. In auditing the Call Report, the banker should reconcile the sum of Column A, B, and C, from the above table, to the sum of items 4 through 7, column B, on Schedule RC-R. If these totals do not reconcile, the bank should review both schedules to determine the difference.

The banker should also compare certain risk weighted amounts on Schedule RC-R, column B, to credit equivalent amounts of certain off-balance sheet items. A common reporting error is the assignment of the credit equivalent amount to a risk weight based on the conversion factor rather than the underlying collateral and appropriate risk weight category. If the credit equivalent amount of off-balance sheet items assigned to the twenty percent risk weight, item 5, column B, is equal to twenty percent of “Commercial and similar letters of credit,” item 4, on Schedule RC-L, it should be reconfirmed. The outstanding balance of item 4, on Schedule RC-L should be multiplied by a twenty percent conversion factor, as shown in Table 3 above, to determine the credit equivalent amount. This amount is then assigned to an appropriate risk weight based on the obligor, the guarantor, or the nature of the collateral. If this amount is not collateralized, it should be assigned to the one-hundred percent risk weight.

Item 6,column B If the credit equivalent amount of off-balance sheet items assigned to the fifty percent risk weight, item 6, column B, is equal to fifty percent of the sum of item 3 plus item M.3 on Schedule RC-L, the amount should be reconfirmed. Performance standby letters of credit and unused loan commitments with an original maturity exceeding one year should each be multiplied by a fifty percent conversion factor to determine their credit equivalent amounts. These amounts are then assigned to an appropriate risk weight based on the nature of the collateral.

Item 4,column B If the credit equivalent amount assigned to the zero percent risk category, item 4, column B, contains a value, the collateral securing the item should be reconfirmed. The bank should make certain that it is not assigning the item to a risk weight based on the conversion factor rather than the underlying collateral.

Items M.1, M.2 The bank should only complete items M.1 and M.2 if it completes items 4 through 9. These memoranda items, therefore, should not contain values if the bank did not complete items 4 through 9.

The following memoranda items should be compared to the corresponding off-balance sheet amount. If the reported amounts are outside of certain parameters, the bank should correct or reconfirm the amounts reported.[11]

The notional amount of interest rate contracts, reported on items M.2.a, column A through column C, could equal but should generally not be less than seventy percent of interest rate contracts reported on Schedule RC-L, items 14.b, 14.c (2), 14.d (2), and 14.e, column A. If the amount is less than seventy of interest rate contracts on Schedule RC-L, the amount reported on Schedule RC-R should be verified.

The notional amount of foreign exchange contracts, reported on items M.2.b, column A through column C, could equal but should generally not be less than fifty percent of foreign exchange contracts reported on Schedule RC-L, items 14.b, 14.c (2), 14.d (2), and 14.e, column B. The amount should be verified if it is less than fifty percent of foreign exchange contracts reported on Schedule RC-L.

The notional amount of gold, precious metals, and other commodity contracts, reported on items M.2.c through M.2.e, column A through column C, should equal commodity and other exchange contracts, reported on Schedule RC-L, items 14.b, 14.c (2), 14.d (2), and 14.e, column D.

The notional amount of equity derivative contracts, reported on items M.2.f, column A through column C, should equal equity derivative contracts, reported on Schedule RC-L, items 14.b, 14.c (2), 14.d (2), and 14.e, column C.

[11] See instructions on bilateral netting agreements.

Determining risk weighted assets

Once a bank has assigned a risk weight to its assets and credit equivalent amounts of off-balance sheet items, it can then determine its risk-weighted assets, item 3.e, on Schedule RC-R.

Item 3.e Table 4 shows how to calculate gross and net risk-weighted assets. If a bank completes items 4 through M.2, a program simply inputs these amounts into the computation in Table 4. In this situation there should be no difference between the amount the bank reports on item 3.e and the amount calculated in Table 4. If the bank does not complete items 4 through 9, a program assigns assets to various risk weights using the format in Table 2. The program calculates the credit equivalent amounts of off-balance sheet items using the format in Table 3 and assigns all amounts to the one hundred percent risk category. These amounts are then input into the computation in Table 4. The result is then compared to the amount the bank reports on item 3.e. The bank should be able to reconcile and explain any significant difference between the amount it reports on item 3.e, and the amount calculated for item 3.e, Table 4.

Table 4

Risk-Weighted Assets				
1. Assets & credit equivalent amounts assigned to the zero percent risk category. (Schedule RC-R, item 4, column A plus column B)	x	0%	=	0
2. Assets & credit equivalent amounts assigned to the twenty percent risk category. (Schedule RC-R, item 5, column A plus column B)	x	20%	=	$XXX
3. Assets & credit equivalent amounts assigned to the fifty percent risk category. (Schedule RC-R, item 6, column A plus column B)	x	50%	=	$XXX
4. Assets & credit equivalent amounts assigned to the one hundred percent risk category. (Schedule RC-R, item 7, column A plus column B)	x	100%	=	$XXX
5. **Gross risk-weighted assets**				$XXX
LESS:				
6. Excess allowance for loan and lease losses (Item 15 on Table 1)				$(XXX)
7. **Net risk-weighted assets** (Schedule RC-R, item 3.e)				$XXX
Note: Beginning with the 1997 Call Report, assets recorded on the balance sheet assigned to the 100 percent risk weight are reported net of items 9 through 12 below. Items 8 through 12 are to be reported on line item 8, "On-balance sheet asset values excluded from and deducted in the calculation of the risk-based capital ratio" on Schedule RC-R.				
8. Unrealized loss on marketable equity securities. (Schedule RC-B, item 6.a, column C less D)				$XXX
9. Goodwill and disallowed other identifiable intangible assets. (Schedule RC-M, items 6.c + [6.b (2) - 6.e])				$XXX
10. Excess mortgage servicing assets & purchased credit card relationships as permitted by regulatory capital guidelines.				$XXX
11. Deferred taxes disallowed for regulatory purposes. (Schedule RC-F, item M.1)				$XXX
12. Reciprocal holdings of banking organizations' capital instruments. (Schedule RC-M, item M.1.a, on December 31, report)				$XXX

Common Reporting Errors-
Schedule RC-R

- Item 1 should be checked "NO" based on "Adjusted total assets" as defined in the Call report instructions but the bank has not completed item 4 through M.2
- Item 3.a through 3.f does not equal the amounts calculated for these items by the above tables and the bank cannot explain the difference.
- Items 4 through 6, column a, exceed the amounts calculated by Table 2 above and the bank does not hold assets that qualify for these risk weights.
- Item 9 does not equal the sum of items 4 and 12 on Schedule RC.
- The sum of items 4 through 7, column b, does not equal the total credit equivalent amount calculated by Table 3 above.
- The bank has assigned a credit equivalent amount to a risk weight based on the conversion factor.
- Item 8 is outside the parameters stated above.

Loans to Executive Officers

This special report is to be completed by all banks as of each Call Report date. It should only include data regarding loans or extensions of credit to executive officers made (or renewed) during the quarter. All items of this report should be reviewed if one item is greater than zero and any other item is zero.

Item a "Number of loans to executive officers made since the previous Call Report date," should be questioned if it is greater than thirty percent of the bank's full-time equivalent employees, as reported on Schedule RI, Memorandum item 4.

Item b "Total dollar amount of above loans," should be verified if it is greater than either Schedule RC-M, item 1.a, "Extensions of credit by the reporting bank to its executive officers, directors, principal shareholders, and their related interests as of the report date," or Schedule RC, item 4.a, "Total loans and leases, net of unearned income." It should also be confirmed if the amount reported is within $5,000 of the amount reported for the previous quarter.

Item c "Range of interest charged on above loans," requires the bank to report both the lowest and highest interest rates charged on the loans reported. In light of this, the lower end (left side) of the range cannot be greater than the higher end (right side) of the range.

The bank should confirm the rates reported if either end of the range is less than four percent or greater than twenty percent. The rate of a fixed rate loan should be equal for both ends of the range.

Common Reporting Errors

- Item b is greater than item 1.a on Schedule RC-M and the bank has not participated any of these loans.
- Item b is not rounded to the nearest thousandth.
- The bank has not provided a range of interest.
- The amount reported represents loans advanced calendar year to date not loans advanced since the previous report.

Checklists for Verification of
Consolidated Reports of Condition and Income
for a Bank with Domestic Offices Only and Total
Assets of less than $100 Million - FFIEC 034

General

Alpha and numeric character designations refer to specific Report of Income and Report of Condition schedules, parts, line items, and columns. For example, in Report of Income checklist item RIBI3. “BI6A” refers to Schedule RI-B, Part 1, item 6 , column A, and “BII3" refers to Schedule RI-B, Part II, item 3. Similarly, in Report of Condition checklist item RCCI2, “CI11" refers to Schedule RC-C, Part I, item 11, and “4a” refers to Schedule RC, item 4a.

In addition, users should note that character designations in the Report of Income checklist that lack an alpha prefix refer to Schedule RI, Income Statement, and character designations in the Report of Condition checklist that lack an alpha prefix refer to Schedule RC, Balance Sheet.

Checklist - Report of Income (FFIEC 034)

Schedule RI - Income Statement

		Equals	O.K.
RI1.	Sum of 1a thru 1f..	1g	______
RI2.	Sum of 2a1 thru 2e...	2f	______
RI3.	1g minus 2f...	3	______
RI4.	Sum of 5a thru 5b2...	5c	______
RI5.	Sum of 7a thru 7c..	7d	______
RI6.	Sum of 3, 5c, 6a, and 6b minus sum of 4a, 4b, and 7d..........	8	______
RI7.	8 minus 9..	10	______
RI8.	10 plus 11...	12	______

Schedule RI-A - Changes in Equity Capital

		Equals	O.K.
RIA1.	A1 plus A2...	A3	______
RIA2.	A3..RI-A, 13 from previous December.		______
RIA3.	A4..	12	______
RIA4.	Sum of A3 thru A12..	A13	______
RIA5.	A11...............RC, 26b from previous December minus RC, 26b of the current Call Report.		______
RIA6.	13..	RC, 28a	______

Schedule RI-B - Charge-offs and Recoveries and Changes in Allowance for Loan and Lease Losses

Part I. Charge-offs and Recoveries on Loans and Leases

		Equals	O . K .
RIBI1.	Sum of BI1A thru BI5A............................	BI6A	______
RIBI2.	Sum of BI1B thru BI5B............................	BI6B	______
RIBI3.	BI6A..	BII3	______
RIBI4.	BI6B..	BII2	______
RIBI5.	BIM4A is less than or equal to sum of BI2A thru BI4A.		______
RIBI6.	BIM4B is less than or equal to sum of BI2B thru BI4B.		______
RIBI7.	Sum of BIM5aA thru BIM5eA..............................	BI1A	______
RIBI8.	Sum of BIM5aB thru BIM5eB..................	BI1B	______

Part II. Changes in Allowance for Loan and Lease Losses

RIBII1.	BII1 Current Call..............................	BII6 from previous December	______
RIBII2.	BII2..	BI6B	______
RIBII3.	BII3..	BI6A	______
RIBII4.	BII6..	RC4b	______
RIBII5.	BII4..	RI 4a	______
RIBII6.	Sum of BII1 thru BII5............................	BII6	______

Schedule RI-E - Explanations

RIE1.	If E1a is not equal to zero, then E2b equals zero and vice versa.............	______
RIE2.	If E1b is not equal to zero, then E2c equals zero and vice versa.............	______
RIE3.	If E1c is not equal to zero, then E2d equals zero and vice versa.............	______
RIE4.	Sum of E1a thru E1f is less than or equal to 5b2....................................	______
RIE5.	Sum of E2a thru E2g is less than or equal to 7c.....................................	______

Checklist - Report of Condition (FFIEC 034)

Schedule RC - Balance Sheet

		Equals	O.K.
1.	4a minus (4b plus 4c)...	4d	______
2.	Sum of 1 thru 11..	12a	______
3.	12b..	28b	______
4.	12a plus 12b...	12c	______
5.	13a1 plus 13a2..	13a	______
6.	Sum of 13a thru 20..	21	______
7.	Sum of 23 thru 27..	28a	______
8.	Sum of 21, 22, and 28a..	12a	______
9.	Sum of 21, 22, and 28c..	29	______
10.	28a plus 28b..	28c	______
11.	29..	12c	______

Schedule RC-B - Securities

RCB1.	Sum of B1A thru B5A...........................	B7A	______
RCB2.	Sum of B1B thru B5B...........................	B7B	______
RCB3.	Sum of B1C thru B6cC.........................	B7C	______
RCB4.	Sum of B1D thru B6cD.........................	B7D	______
RCB5.	B6bC is greater than zero (for National banks only).		______
RCB6.	B7A...	2a	______
RCB7.	B7D...	2b	______
RCB8.	Sum of BM2a(1) thru BM2a(6) .... (Sum of B1AD,B2AD,3AD,5AD and 4aAD(not backed by first lien 1-4 family residential mortgages) minus corresponding nonaccrual debt securities.		______
RCB9.	Sum of BM2b(1) thru BM2b(6) .... (B4aA plus B4aD) minus corresponding nonaccrual debt securities.		______
RCB10.	BM2c(1) plus BM2c(2) .... (B4bA plus B4bD) minus nonaccrual other mortgage-backed securities included in N6C.		______
RCB11.	Sum of BM2a(1) thru BM2c .... B7A plus B7D less B6aD less B6bD		______
RCB12.	BM8a is less than or equal to sum of B4b(1)A thru B4b(3)A plus sum of B4b(1)C thru B4b(3)C.		______
RCB13.	BM8b is less than or equal to sum of B4b(1)B thru B4b(3)B plus sum of B4b(1)D thru B4b(3)D. .		______
RCB14.	BM9a is less than or equal to sum of B2A plus B3A plus B5A.		______
RCB15.	BM9b is less than or equal to sum of B2D plus B3D plus B5D.		______

Schedule RC-C - Loans and Lease Financing Receivables

Part I. Loans and Leases

		Equals	O.K.
RCCI1.	Sum of CI1a thru CI9 minus CI10..........	CI11	______
RCCI2.	CI11..	4a	______
RCCI3.	Sum of CIM2a(1) thru CIM2a(6) equals CI1c2(a) minus NM4C2		______
RCCI4.	Sum of CIM2b(1) thru CIM2b(6) equals the sum of (CI1 through CI9 minus CI1c2(a)) minus the sum of ((N1C thru 5C) minus NM4C2)		______
RCCI5.	Sum of CIM2a(1) thru CIM2b(6) plus N1C thru N5C.... Sum of CI1a thru CI9		______
RCCI6.	CIM2d is less than or equal to sum of CIM2b(1) thru CIM2b(6).		______
RCCI7.	CIM2d is less than or equal to CI1E.		______
RCCI8.	CIM2e is less than or equal to sum of CIM2b(1) thru CIM2b(6).		______
RCCI9.	CIM2e is less than or equal to CI4		______
RCCI10.	CIM4 is less than or equal to CI4 plus CI8.		______
RCCI11.	CIM5 is less than or equal to CI10 plus CI11.		______
RCCI12.	CIM6 is less than or equal to CI1c2(a).		______

Part II. Loans to Small Businesses and Small Farms

Loans to Small Businesses

RCCII1.	If CII1 is “YES,” then CII2a plus CII2b is greater than zero.	______
RCCII2.	If CII1 is “YES,” then CII3 andCII 4 are zero.	______
RCCII3.	If CII1 is “NO,” CII2a plus CII2b equals zero.	______
RCCII4.	Sum of CII3aB thru CII3cB is less than or equal to CI1e.	______
RCCII5.	Sum of CII4aB thru CII4cB is less than or equal to CI 4.	______
RCCII6.	CII3aB divided by CII3aA is $100,000 or less.	______
RCCII7.	CII3bB divided by CII3bA is $250,000 or less.	______
RCCII8.	CII3cB divided by CII3cA is $1,000,000 or less.	______
RCCII9.	CII4aB divided by CII4aA is $100,000 or less.	______
RCCII10.	CII4bB divided by CII4bA is $250,000 or less.	______
RCCII11.	CII4cB divided by CII4cA is $1,000,000 or less.	______
RCCII12.	CII3bB plus CII3cB is greater than zero (ignore if CI1e equals zero).	______
RCCII13.	CII4bB plus CII4cB is greater than zero (ignore if CI 4 equals zero).	______

Schedule RC-C Part II. (Continued)

Agricultural Loans to Small Farms

		Equals	O.K.
RCCII14.	If CII5 is "YES," then CII6a plus CII6b is greater than zero.		______
RCCII15.	If CII5 is "YES," then CII7 and CII8 are zero.		______
RCCII16.	If CII5 is "NO," CII6a plus CII6b equals zero.		______
RCCII17.	Sum of CII7aB thru CII7cB, is less than or equal to CI1b.		______
RCCII18.	Sum of CII8aB thru CII8cB is less than or equal to CI3.		______
RCCII19.	CII7aB divided by CII7aA is $100,000 or less.		______
RCCII20.	CII7bB divided by CII7bA is $250,000 or less.		______
RCCII21.	CII7cB divided by CII7cA is $500,000 or less.		______
RCCII22.	CII8aB divided by CII8aA is $100,000 or less.		______
RCCII23.	CII8bB divided by CII8bA is $250,000 or less.		______
RCCII24.	CII8cB divided by CII8cA is $500,000 or less.		______
RCCII25.	CII7bB plus CII7cB is greater than zero (ignore if CI1b equals zero).		______
RCCII26.	CII8bB plus CII8cB is greater than zero (ignore if CI3 equals zero).		______

Schedule RC-E - Deposit Liabilities

RCE1.	Sum of E1A thru E7A..................................	E8A	______
RCE2.	Sum of E1B thru E7B..................................	E8B	______
RCE3.	Sum of E1C thru E7C..................................	E8C	______
RCE4.	E6A...	E6B	______
RCE5.	E8A plus E8C..	13a	______
RCE6.	Sum of EM2a(1) thru EM2c.........................	E8C	______
RCE7.	Sum of EM5a(1) thru EM5a(4)	EM2b	______
RCE8.	Sum of EM6a(1) thru E6a(4)	EM2c	______
RCE9.	EM5b is less than or equal to sum of EM5a1 thru EM5a4.		______
RCE10.	EM6b is less than or equal to sum of EM6a1 thru EM6a4.		______
RCE11.	EM1e is less than E3A plus E3C.		______
RCE12.	EM1d(1) is less than or equal to EM1c(1).		______
RCE13.	EM1d(2) is less than or equal to EM1b minus EM1c(1).		______

Schedule RC-F - Other Assets

RCF1.	Sum of F1 thru F4.......................................	F5	______
RCF2.	F5...	11	______
RCF3.	Sum of F4a thru F4c is less than or equal to F4.		______
RCF4.	FM1 is less than or equal to F2.		______

Schedule RC-G - Other Liabilities

		Equals	O.K.
RCG1.	Sum of G1 thru G4.......................................	G5	_______
RCG2.	G5..	20	_______

Schedule RC-K - Quarterly Averages

RCK1.	Item K2b is greater than zero (National banks only).	_______

Schedule RC-L - Off-Balance Sheet Items

RCL1.	L2a is less than or equal to L2.	_______
RCL2.	L3a is less than or equal to L3.	_______
RCL3.	L9a(2) is less than or equal to L9a(1).	_______
RCL4.	Sum of L12a thru L12d is less than or equal to L12.	_______
RCL5.	Sum of L13a thru L13d is less than or equal to L13.	_______
RCL6.	LM3 is less than or equal to sum of L1a thru L1e.	_______
RCL7.	Sum of L15A thru L16bA.......................... Sum of L14aA thru L14eA.	_______
RCL8.	Sum of L15B thru L16bB.......................... Sum of L14aB thru L14eB.	_______
RCL9.	Sum of L15C thru L16bC.......................... Sum of L14aC thru L14eC.	_______
RCL10.	Sum of L15D thru L16bD.......................... Sum of L14aD thru L14eD.	_______
RCL11.	L16cA is less than or equal to L16aA plus L16bA	

Schedule RC-M - Memoranda

RCM1.	Sum of items M6a thru M6c........................	M6d	_______
RCM2.	M6d...	10	_______
RCM3.	M8b(3)...	8	_______
RCM4.	M8b(1) plus M8b(2)....................................	M8b(3)	_______
RCM5.	Sum of M8a(1) thru M8a2(e)......................	M8a(3)	_______
RCM6.	M9 is less than or equal to 23.		_______
RCM7.	M6e is less than or equal to M6d minus (M6a plus M6b(1).		_______
RCM8.	M10f is less than or equal to sum of M10a thru M10e.		_______

Schedule RC-N - Past Due and Nonaccrual Loans, Leases and Other Assets

RCN1.	Sum of N1A thru N1C is less than or equal to K5b.	_______
RCN2.	Sum of N2A thru N2C is less than or equal to K5c.	_______
RCN3.	Sum of N3A thru N3C is less than or equal to K5d.	_______
RCN4.	Sum of N4A thru N4C is less than or equal to K5e.	_______

Schedule RC-N (continued)

		Equals	O.K.
RCN5.	Sum of N5A thru N5C is less than or equal to K6.		______
RCN6.	Sum of NM3A thru NM3C is less than or equal to CIM4.		______
RCN7.	NM1A is less than or equal to sum of N1A thru N5A.		______
RCN8.	NM1B is less than or equal to sum of N1B thru N5B.		______
RCN9.	NM1C is less than or equal to sum of N1C thru N5C.		______
RCN10.	NM3A is less than or equal to sum of N2A thru N4A.		______
RCN11.	NM3B is less than or equal to sum of N2B thru N4B.		______
RCN12.	NM3C is less than or equal to sum of N2C thru N4C.		______
RCN13.	Sum of NM4aA thru NM4eA.........................	N1A	______
RCN14.	Sum of NM4aB thru NM4eB.........................	N1B	______
RCN15.	Sum of NM4aC thru NM4eC.........................	N1C	______
RCN16.	N7A is less than or equal to sum of N1A thru N5A.		______
RCN17.	N7B is less than or equal to sum of N1B thru N5B.		______
RCN18.	N7B is less than or equal to sum of N1C thru N5C.		______
RCN19.	N7aA is less than or equal to N7A.		______
RCN20.	N7aB is less than or equal to N7B.		______
RCN21.	N7aC is less than or equal to N7C.		______
RCN22.	If N7A is greater than zero, then N7aA is greater than zero.		______
RCN23.	If N7B is greater than zero, then N7aB is greater than zero.		______
RCN24.	If N7C is greater than zero, then N7aC is greater than zero.		______

Schedule RC-O - Other Data for Deposit Insurance Assessments

		Equals	O.K.
RCO1.	O6a is less than or equal to E4B plus E5B.		______
RCO2.	O6b is less than or equal to E4C plus E5C.		______
RCO3.	O11a is less than or equal to E5B.		______
RCO4.	O11b is less than or equal to sum of E4B, E5B, and E7B.		______
RCO5.	O11c is less than or equal to 1a minus (M3a plus M3b).		______
RCO6.	OM1a(1) divided by OM1a(2) is less than or equal to $100,000. (June only)		______
RCO7.	OM1a(1) plus OM1b(1)............................	13a	______
RCO8.	OM2a is marked “YES” or “NO.”		______
RCO9.	If OM2a has been marked “YES,” then OM2b is greater than zero.		______
RCO10.	If OM2a has been marked “NO,” then OM2b equals zero.		______

Schedule RC-R - Regulatory Capital

		Equals	O.K.
RCR1.	Sum of R4A thru R8A..............................	R9A	______
RCR2.	R9A..	sum of 4b, 4c and 12c	______
RCR3.	R1 has been marked “YES” or “NO.”		______
RCR4.	Sum of RM2aA thru RM2aC is less than or equal to sum of L14bA, L14c2A, L14d2A, and L14eA.		______
RCR5.	Sum of RM2bA thru RM2bC is less than or equal to sum of L14bB, L14c2B, L14d2B, and L14eB.		______

Loans to Executive Officers

1.	If item a is greater than zero, then item b is greater than zero and vice versa.	______
2.	The left side of item c is less than or equal to the right side.	______